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The Nation's Business

Why Canada Has No Immigration Policy
Too Many Changes In Ministry
Forke's Opportunity
Canada's Immigration Prospects Improved

CANADA has no well defined policy on immigration, despite the fact that public men generally consider immigration the key problem of Canada to-day.

The reason Canada has no such policy on immigration is probably because Canada has had no permanency in the immigration leadership since the end of the war. In that period, Canada has had eight changes in the cabinet position of minister of immigration and there have been three different deputy ministers of the department.

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WHEN the war ended, Hon. J. A. Calder was minister of immigration and colonization in the Union cabinet. When the Union government was defeated, Hon. J. W. Edwards became the minister. He lasted from September 21, 1921, to December 6 of the same year, when he was defeated at the polls. Obviously he could give no time in that period to consideration of the broad problem of peopling Canada.

No definite successor was appointed to Mr. Edwards but Hon. Charles Stewart became acting minister of immigration, assuming that job in addition to another important cabinet post. Immigration and colonization were considered too unimportant to occupy the full attention of a minister. Finally in August 18, 1923, a minister of immigration in the person of Hon. James A. Robb was appointed but, almost from the start, he was handicapped by the necessity of being the acting minister of finance, a job which took more of his time than he could spare to immigration. Finally, when Robb went to the finance department completely, Stewart came back again for a while to be succeeded by Hon. George Gordon who hardly had found out the address of his department before he was summarily defeated at the polls and was rewarded with a Senate seat.

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THIS brought the Conservatives back to power for their brief regime of last year, when Hon. Dr. Manion assumed five (or was it six?) cabinet posts, among them the forlorn, forgotten job of being minister of immigration and colonization. So little did that office see him, that one of the senior officers of the department, when trying to recall the names of his successive chiefs since the war, failed entirely to remember that Mr. Manion's name has ever appeared on departmental correspondence.

Mr. Manion did not last long. The Liberals again had an opportunity to select the minister and, finally, after seven years of post-war toying with one of the most important jobs in the entire cabinet, they saw to it that a full time minister was appointed. They appointed a strong man, it is generally admitted, in Hon. Robert Forke. Between Calder and Forke, the average time of the job was about nine months. But since the present government can not be said, at the moment, to have any immediate obstacles of major importance ahead and is therefore virtually assured of at least four years tenure of office, Canada has now, for the first time since the war, a minister of immigration and colonization with an opportunity to survey his task in a broad way with a view to adopting a comprehensive immigration settlement program for the country. This is one of the most promising features of the immigration outlook at the moment.

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MR. FORKE is hardly likely to introduce at any early date any radical changes in immigration policy. He is not given to doing the spectacular and while he is head of the Progressive party he is personally conservative in outlook. There are those who feel that definite, far-reaching policies in settlement are necessary. These may not be expected from Forke at any early date. Nevertheless, the leadership he gives is likely to be along constructive lines. He will study his task, has indeed already indicated that that is the first thing he will do, and will no doubt, give as much attention to colonization and settlement as to the actual job of getting new immigrants.

The outlook for new settlers is good now—better than any time since the war. Conditions in Canada are attractive to the individual dissatisfied with his situation in Britain, the United States or the continent. The immigration tide should continue to develop further. The year 1927 ought to bring Canada at the minimum 150,000 new people.

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ONE of the most interesting and timely suggestions on immigration matters was that which came this week from Hon. C. A. Magrath, chair-

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ASK GOVERNMENT TO PROBE JUMP IN OCEAN RATES

Farmers and Manufacturers Oppose Recent Increases in Schedules

LINES SAY COSTS UP

Claim All Operating Charges Have Increased, Justifying Larger Rates From the Shippers of Goods

From Our Own Correspondent.

OTTAWA.—A problem of major national importance appears to be arising in connection with soaring freight rates on the North Atlantic. The position, put briefly, is that within recent months ocean rates have risen to an extent which, according to protests reaching Ottawa, menaces our export trade. Appeals have been made to the Canadian Trans-Atlantic Steamship Conference, at Montreal, but those appeals, with one or two exceptions, have failed to bring relief. As a consequence, agriculturists and manufacturers for once find themselves with a common cause and are seeking the aid of the government.

In contrast with railway rates, which have been steadily declining, ocean rates have been consistently increasing. Two years ago the Dominion government, charging that a shipping combine was stifling export trade, declared war on the combine. Unfortunately, its method of warfare was anything but effective. Instead of seeking co-operation from the British government, it set out single handed to slay the alleged octopus; with the well known and sad consequence of a disastrous contract with the late Sir William Peterson that reduced nothing but the government's prestige. The government, defeated, did not return to the battle.

Withdrew From Conference

Thereafter, ocean rates remained stationary for a time, then started to go up. In 1925, when a parliamentary committee investigated the matter, the ship owners announced that in future rates on grain and cattle from Canadian ports would not be controlled by the New York Shipping Conference, that the new rates would be non-conference rates, and that, in order to show their good faith in the matter, the companies operating on Canadian routes would withdraw from the old North Atlantic Conference, with headquarters in New York, and establish a Canadian Trans-Atlantic Conference, with headquarters in Montreal. This was done.

But freedom from alleged New York domination failed to bring the millenium. On the contrary Canadian shippers claim that two years have not brought visible evidence to show that the Canadian Conference is one whit more mindful of the export industry's welfare than the mother combine in New York. Indeed, they go further and charge that the two conferences have kept pace in boosting rates. Grain rates, ostensibly freed from control, have been regulated by tramp competition, but it is claimed that in the last six months, when tramps were attracted elsewhere, the Montreal and New York conferences both advanced rates on grain as much as 30 per cent.

Further Advance Now

An advance in ocean rates was announced last September. It was a flat increase of 15 per cent., effective October 1, 1926. This was followed by a further increase on January 1, 1927, the advance being not on a percentage basis but on a fixed rate for each commodity. It amounted, on the average, to an advance of between 5 and 10 per cent.

The following table gives the rate in eight classifications, showing the increases:

Classification	Prior to Oct.	Rate After Jan. 1	Percent. Increase
Heavy grains (bus.)	$0.14	$0.19	37%
Flour, per 100 lbs.	0.21	0.27	28%
Sugar, per 100 lbs.	0.21	0.35	66%
Provisions	0.50	0.50	..
Oils	1.20	1.20	..
Automobiles, (per Cub. Ft.)	0.25	0.28¾	15%
Steel products, (per 2 240 lbs.)	8.00	9.20	15%
Gen. Cargo, (per 100 lbs.)	0.75	0.90	20%

Other Significant Increases

Here, too, are some of the increases on a number of commodities in which Canada does an important export trade:

	Old Rate	New Rate	Percentage
Agricultural Implements, per ton	$7.00	$9.00	28%
Sole leather, per 100 lbs.	0.80	1.00	25%
Lawn mowers, per cu. ft.	0.07½	0.25	233%
Ordinary bacon, per 100 lbs.	0.50	0.60	20%
Hams and bacon, per 100 lbs.	0.85	0.90	5½%
Meats (other than bacon) per 100 lbs.	0.85	0.95	11%
Frozen meats(boxed) per 100 lbs.	1.15	1.25	8%
Chilled meats, per 100 lbs.	1.50	1.75	17%
Frozen carcases, per 100 lbs.	1.50	1.75	17%

Nearly every branch of export trade is affected. In the following lines the rate increases are particularly heavy: Honey, dairy products, hay, fibre, felts and jackets, hardware, newsprint, pianos and radio equipment, axes, edge tools, saws,

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Deal for "Glass"?

From Our Own Correspondent.

MONTREAL. — It is understood that negotiations between the Dominion Glass Company and the Owens Bottle Company are still under way. The Owens Company owns some of the patents in the United States under which Dominion Glass operates in Canada.

These negotiations, so 'tis said, may ultimately lead to the U.S. interests acquiring control of the Canadian company; failing this, rumor goes on to indicate that there remains a possibility of the U. S. company acquiring a large block of stock in Dominion Glass. Up to the present there has been no announcement of an official character which confirms the rumors at present in circulation regarding the company.

BLOCK OF BONDS OF PAGE-HERSEY ALREADY RETIRED

$100,000 is so Expended Before Sinking Fund is Stipulated

Analysis of the six-months report of Page-Hersey Tubes indicates a much more gratifying situation than a cursory examination will disclose. The total net trading profit, including $23,159 income from investments, was $382,173 for the six months. After payment of $105,000 dividends on the preferred stock, at the rate of $4.98 per share per annum.

The prospectus published last June after the regoranization of the company, gave the approximate earnings of Page-Hersey Tubes and its subsidiaries as $315,628 for the four months ended April 30th. This was at the rate of $6.60 per share of common stock. On the surface, the earnings of $4.98 per share of common in the last six months are somewhat disappointing.

But the consolidated balance sheet as of April 30, 1926, was for the parent company and its subsidiaries. The report just published apparently does not include the earnings of the subsidiary companies. These earnings, if they were included, probably would bring the rate to above the estimate based on the consolidated balance sheet which included all the properties.

Retires Block of Bonds

In another particular, the report just issued reveals a most conservative tendency on the part of the directors. At the time of the sale of new preference stock last June there was an issue of $2,000,000 twenty-year bonds. It was provided that a sinking fund for redemption would be started on January 1, 1927. But the company took $100,000 from its earnings in 1926 and reduced the outstanding bonds to $1,900,000. If this $100,000 has been left in surplus account, the earnings would have appeared in the profit and loss as equivalent to $6.78 per annum, or above the figure given as earnings on the parent company and its subsidiaries in the first four months of the year.

The financial condition of the company is strong in every respect. Current assets total $4,836,655, as compared with current liabilities of $302,325, a ratio of sixteen to one. Cash on hand amounted to $355,399, bills receivable, $180,445, accounts receivable, $1,078,028, inventories, $1,722,758 and investments $1,452,050. The total assets are $9,079,548.

Enhances Investment Value

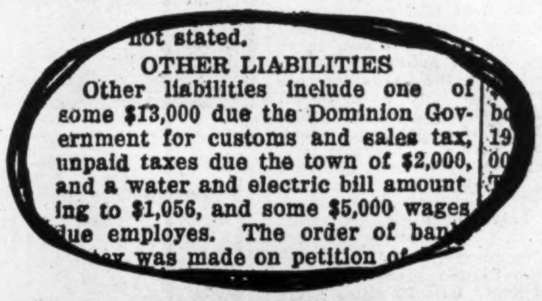
The balance sheet shows remarkable strength in a company of this kind and the outlook is extremely promising. The fact that the sum shown as applicable to the common shares is not so large as outsiders might have expected does not lessen the value of the securities of this company from an investment viewpoint. In fact, the ultimate value of the investment is enhanced whenever directors are consistently conservative in revealing profits.

Market Record

	Common High	Common Low	Preferred High	Preferred Low
1926	59½	43	120	100½
1927x	59½	55½	119	116

x—To Feb. 1.

Over $13,000 Sales Tax and Customs Duties



not stated.

OTHER LIABILITIES

Other liabilities include one of some $13,000 due the Dominion Government for customs and sales tax, unpaid taxes due the town of $2,000, and a water and electric bill amounting to $1,056, and some $5,000 wages due employes. The order of ban

tcy was made on petition of

Reproduction of a paragraph in an article in the Toronto Telegram concerning the financial difficulties of the Cane firm, of Newmarket, Ont. What other business men will want to know is why any firm is allowed to run behind $13,000 in sales tax payments to the Government.

REORGANIZATION OF GUNNS NOW TO BE EFFECTED

Injunction Obtained by Preferred Shareholder Lifted by Agreement

BURNS NOT CONCERNED

Say Offering of Stock in Western Company is No Part of Plan for Toronto Packers

Arrangements for reorganization of Gunns, Ltd., Toronto, packers, have been completed. According to an official of the company, this reorganization has no connection with P. Burns & Co., Western packers, who are offering a new issue of preferred stock.

An injunction secured by Frederick Lucius, of Montreal, a preferred stockholder, was lifted prior to the reorganization by agreement between the company and the Lucius interests. The injunction originally had been obtained on the ground that the reorganization plans ignored the rights of the preferred shareholders in Gunns, Ltd.

Financial difficulties of Gunns, Ltd., became pressing when it became necessary to liquidate immediately a loan from Morris & Co. Morris & Co. a year or two ago was acquired by Armour & Co. and the estate was being liquidated by the purchasers.

Details of the reorganization of Gunns, Ltd., are expected to be announced soon.

Gunns, Ltd., was incorporated in 1902. The business was established in 1873. Together with subsidaries, Gunns, Ltd., is one of the largest packers in Canada. Dividends have accrued on preferred since February 1, 1921. There is $1,500,000 7 per cent. preferred and $3,500,000 of common of $25 par value.

Place Cost of Duncan Maritime Proposals at $6,000,000 Annually

This in Addition to Capital Outlay of Some $12,000,000

CABINET IN QUANDARY

Whether to Give Maritimes What Report Recommends or to Reduce Taxes, is Problem Now

From Our Own Correspondent.

OTTAWA. — The most important question that will come before parliament when it resumes next week will be the Duncan Maritime report. When this report was first made public, and before its recommendations were analyzed by experts, there was fairly unanimous opinion that it ought to be accepted. Premier King had practically pledged himself to it; the press was exceptionally friendly; and the belief was that parliament, weary of Maritime Rights discussion, would do anything to rid itself of it.

To-day there is a more challenging attitude. The reason is that a subcommittee of the cabinet, having gone into the report and all its implications, have come to the conclusion that if such be the price of Maritime content, then tranquility in the lower provinces will be costly. Indeed, there are those who, having studied the report, in its financial aspects, go so far as to claim that what the government and parliament are faced with is a choice between accepting the Duncan recommendations and being able to reduce taxation. In other words, it is held that the cost of this report, if it be adopted, will all but eat up Mr. Robb's surplus this year, and make a surplus very difficult next year, with consequent non-reduction of taxes.

Estimate Annual Outlay $6,000,000

According to authentic information the capital outlay required by the report totals $12,120,000, with an additional $7,500,000 should the St. John and Quebec Railway be taken over. The annual expenditures involved, including interest charges on capital investments of $12,000,000, will be $6,000,000.

It is interesting to take the several recommendations in the report in order, and to study their estimated cost. First of all there is the proposal in regard to federal subsidies. It recommends immediate increases as follows:

Nova Scotia	$ 875,000
New Brunswick	600,000
Prince Edward Island	125,000
Total	$1,600,000

Eliminating P.E.I. Grades

Next is the recommendation that the heavy grades and curves on the Prince Edward Island mileage of the National Railways should be lessened. Information is that this work, which, because of its costliness, the report suggests should be done on capital account, will involve an outlay of $10,000,000.

Then there is the recommendation that a second ferry boat be put into operation between Prince Edward Island and the mainland. The new boat, it is said, would cost $500,000. But that would not be all. The present ferry is showing an annual deficit of $150,000 a year; so that a conservative estimate is that the two boats would involve an annual loss of $300,000. Added to proposed improvements in the harbors of Charlottetown, Georgetown and Summerside, all of them costly, the suggested bill for Prince Edward Island is a considerable one.

Coming to New Brunswick, the report recommends the acquisition by the National Railways of the Kent Northern Railway, 27 miles in length,

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Search for Oil in Saskatchewan

The report of the Saskatchewan Bureau of Labor and Industries shows a rapidly increasing public interest in petroleum production within the province. In the year ended April 30, last over 100,000 acres of land in the province were leased by the federal government for natural gas and petroleum. "Probably," says the report, "a greater interest has been manifested during the year in the oil possibilities of the province than any other of our resources."

Canadian Pacific Now Sells in Line

From Our Own Correspondent.

MONTREAL. — The rise in the shares of the Canadian Pacific Railway means little or nothing except that sound railway stocks are appreciating in price on the New York market.

The rise was due to no new development in the railway itself which has just published a rather poor earnings statement for the concluding month of 1926—a result which was due, in part, to the abnormal weather conditions which prevailed during the month. The reduced December net earnings have lowered a little the earlier forecasts of earnings for the year. Despite this, the shares were in better demand in New York and the stock increased in price.

In view of the bettered showing of the railway during the year just concluded, the stock was selling a little out of line with securities in an equally strong position.

Only Mess of Pottage Offered Tooke Preferred

From Our Own Correspondent.

MONTREAL.—Within a day or two the preferred shareholders of Tooke Brothers will be asked to ratify a proposal of the management leading to the liquidation of the arrears of preferred stock dividends.

There are only two occasions upon which the preferred shareholders ought to forego their rights to dividend arrears. The first is when they are offered in exchange for their rights a quid pro quo equal to their dividend arrears; and the second is when it might be expedient for the preferred shareholders to forego some of their rights in order that the management of the company — usually the owners of the common stock—should have their interest in the property revived. In other words, if a company is controlled by the common stockholders it is probable that the interest of the management in the property may weaken if there is no chance of ever obtaining dividends on the common shares.

But in Tooke Brothers' proposal, neither of these conditions apply. There is more preferred stock outstanding than common, and thus the control and management of the company is entirely in the hands of the preferred shareholders. There is no reason why the preferred shareholders of Tooke's need give a moment's thought to the fact that the common shares, on an earning power basis, are at present worthless—or practically worthless.

Common of Little Value

Then again, the common shares which the preferred shareholders are offered in exchange for dividend arrears, will amount in real value to nothing like the equivalent of the 35 per cent. dividend arrears. More than this, in view of the present position of the common stock, due to the prior claims of the preferred shareholders, the common shareholders of Tooke Brothers have nothing to offer the preferred which could in any way compensate them for their loss of more than $35 per share.

Unless they give up their entire holdings to the preferred shareholders, the common stockholders of Tooke Brothers have nothing large enough to offer the preferred which would in any way make up to them their loss in dividend arrears.

There seems to be only one favorable point in the whole plan. The preferred shareholders are promised the resumption of dividends to date from the beginning of 1927. But this is really not contingent on the plan because, as has been said, the preferred shareholders control the company and can declare a dividend any time they see fit. Last year, for the first time in a number of years, the company earned its preferred dividend requirements; it is understood that earnings are being maintained. Therefore, whether the preferred shareholders accept the plan or not, there seems no doubt that Tooke Brothers will once again resume dividend payments in the near future. If these payments can be resumed with the acceptance of the proposed plan by the shareholders, there is no doubt that dividends could also be resumed if the preferred shareholders refuse to accept the compromise.

Others Try it Too

Of late, there appears to be a growing tendency on the part of many companies which have got into difficulties, to make the preferred shareholders bear the major portion of the burden of hard times, and, instead of working off the preferred dividend arrears, some compromise is arranged. If the preferred shareholders obtain the equivalent of their arrears, such deals are fair enough. But with Tooke Brothers there is nothing which the preferred shareholders can obtain from the company which would completely recompense them for their arrears. Furthermore it is not to be forgotten that the preferred stock in this company is preferred both as to assets and as to dividends. In the event of a sale of the property, the preferred shareholders, claims would rank senior to the common and there are many preferred shareholders who feel that the company could be sold as a going concern for the full value of its preferred stock plus the dividend arrears.

May be Jammed Through

If the plan is jammed through at the forthcoming special general meeting, those who have purchased the shares at around $80, the price at which the stock has changed hands of late, will be grievously disappointed, for they bought the securities on the assumption that the company owed the shareholders $35 per share.

Others, too, who have held the stock through the lean years and who have patiently awaited some payment of arrears will feel that those preferred shareholders to whom the plan is agreeable have sold their birthright for a mess of pottage—and a very sorry mess, too.

Viewed from every angle the plan is distinctly unfair to the preferred shareholders, and they would be wise to flatly turn down any such offer from the management. The common shareholders would benefit alone.

Background of Canadian Business

By JOHN E. LANGDON,
Business Editor, The Financial Post.

WEEKLY REVIEW OF CONDITIONS

Adequate Supply of Rail Transportation Stimulated Business
Farm Revenue Figures Indicate no Drop in Rural Buying Power
Foreign Trade Touches New High—Imports Register Gain
Contemplated Building Augurs Well for Increased Activity
Seasonal Decline in Employment; Present Situation Good

EFFICIENT transportation has been one of the important factors contributing to the large volume of business transacted in the past two years. The problems which the Canadian railways have to meet every year in the movement of traffic, are probably unequalled in any other country, yet without any marked increase in new equipment, new mileage or additional staff, the heavier volume of traffic originating since 1925 has been handled expeditiously. With the transportation problems of a country like this; the achievement has been noteworthy and the assurance that an adequate supply of rail transportation is available at all times, has done much to stimulate manufacturing and generally quickening business activity.

Railway Earnings Improve

Improvement in freight traffic has naturally brought about a betterment in earnings of both the Canadian National and Canadian Pacific, especially the former. In the calendar year 1926, the Canadian National reported the following earnings:

Net, 1926	$46,400,000
Net, 1925	32,264,414
Increase over 1925	14,135,585

This showing is all the more favorable in view of the fact that it does not include earnings of the Central Vermont Railway system, the above figures only representing results of operations of Canadian lines. Provided earnings show a similar increase this year, it is likely that the Canadian National will be able to meet its interest requirements.

At the same time, the Canadian Pacific reports larger net earnings than for many years past. While the final figures for 1926 are not yet available, it is estimated that this road will earn approximately 15½ per cent. on its capitalization. This is much better than last year; in fact, it is probably one of the best years in the past decade.

Agricultural production for the past year is now placed at $1,201,220,885 by the Dominion Bureau of Statistics, as compared with $1,215,306,240 in the previous year. These figures include all field crops, wool and poultry products. The difference in value is practically negligible and based on the latest figures of rural population, the per capita revenue from this source last year amounted to $271, as against $274 in the preceding year.

Details of the report show that New Brunswick was the only Maritime province to report a decrease, amounting to about $2,500,000. Prince Edward Island's farm income increased by $1,600,000 and that of Nova Scotia by $6,000,000. Quebec's revenue was $11,000,000 less, while Ontario's increased by about the same amount. Of the Western provinces Manitoba and Alberta recorded increases of $5,000,000 and $10,000,000,000 respectively. A decrease of over $40,000,000 was reported by Saskatchewan, British Columbia, on the other hand, reported little change from the previous year.

Volume of Trade Heavy

Largely owing to the stability of agricultural production, exports from the Dominion in the calendar year 1926, reached a very high level despite the uncertainty of the English market. Imports in the same period were unusually heavy. The total value of trade in this period was $2,292,281,179, of which exports totalled $1,283,939,268 and imports $1,008,341,911. In the previous year imports were valued at $890,193,348 and exports $1,283,098,795, making a total of $2,173,292,143. Although the showing in this regard to exports is not so favorable, comparison of valuation statistics are apt to be misleading. Rubber, cotton, wheat and other key commodities have fluctuated in price during the past two years. Crude rubber imported in 1924, for example, amounted to 2,000,000 lbs., valued at $8,000,000. In the following year, quantity had increased between 40 and 50 per cent. to 44,500,000 lbs., while value had jumped to nearly $26,000,000, or over three times. Again in the past year, quantity was 45,360,000 lbs, while value dropped to $24,960,000. On a quantity basis, both import and export trade of the Dominion is undoubtedly on a larger scale than would be surmised by a glance at the valuation figures.

Returns now coming in for the first month of the present year, indicate that there has been some recession in manufacturing from the mark set during the final quarter of last year. There has been no marked setback in any one particular industry, but a general sagging all along the line. Consequently it is a little too early to hazard an opinion on how business will shape up for the remainder of the year.

January, usually one of the off months for new construction contracts awarded, this year registered $16,771,800 worth of new work, according to MacLean's Building Reports. This figure is in excess of that for the first month of 1926 by 32 per cent. and is the largest total for any corresponding month since 1913. Details of the report show that the Prairie Provinces lead in new building, accounting for about 40 per cent. of the total. Ontario is second on the list, followed by Quebec, British Columbia and the Maritimes, in the order named.

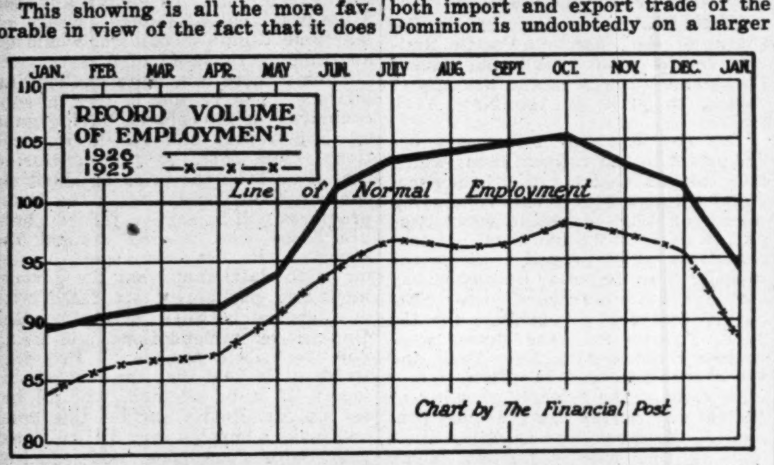
Contemplated new construction is placed at $71,056,600, of which 80 per cent. is likely to be proceeded with this year. Taken with the carryover of $100,000,000 from last year, it means that the activity of the past year is carrying forward with increased impetus. The major items proposed were pulp and paper mills, while warehouses, hospitals, road construction, factories and residential work contributed.

Car Loadings Steady

Car loadings are another valuable indicator of the trend of business and the figures for the week ended January 23, show that density of traffic has not fallen off to any extent. Severe cold weather during this seven day period caused a decrease of 1,170 cars from the previous week, while comparison with the same week a year ago shows an increase of 3,762 cars. Heavy merchandise shipments are still a feature of car loadings and with the exception of livestock, lumber, pulp and paper, cumulative totals indicate an increase for all items on the list, in comparison with the same period last year.

Seasonal Employment Decline

Employment showed a seasonal decline as at January 1st, involving a larger number of workers than on the same date a year ago, but the percentage loss was practically the same, while both absolute and proportionate reductions were smaller than on the corresponding date between 1920 and 1925. With the exception of trade, there was a curtailment in all divisions. The situation, on the whole, is much more favorable than at any similar time for some years back.

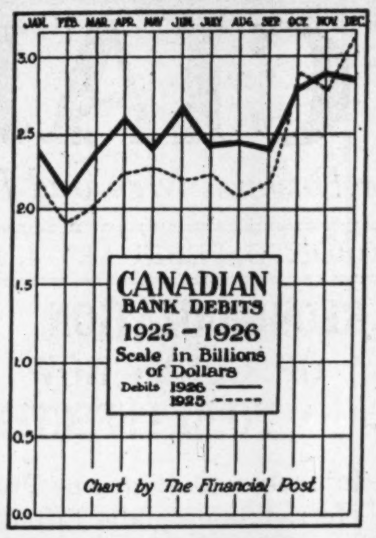


Improvement in all major lines of industrial and productive activities is reflected in the greater volume of employment reported during 1926.
The chart curve is based on the number of employees at work on the first day of the month as indicated by the firm reporting in comparison with the number of employees they reported in January, 1920, as 100.

Canadian Business Indicators

Compiled weekly by The Financial Post

	1927	1926
Car loading, week January 22	57,958	54,196+ 7%
Year to date	174,558	174,141+ 0.2%
Merchandise shipped, year to date	44,693	44,186+ 1%
Grain Receipts, Aug. 1 to Jan. 14	252,024,136	294,923,361— 14%
	1926	1925
Building permits—November, (63 cities)	9,968,937	7,988,765+ 24%
Railway Earnings—Eleven Months—		
C P. R. gross	180,233,610	163,537,400+ 10%
C. P. R. net	43,326,944	35,327,983+ 22%
C. N. R. gross	242,854,988	221,119,532+ 9%
C. N. R. net	41,451,628	26,916,205+ 64%
Pig Iron Output—tons, November	52,345	68,535— 23%
Steel Ingot production, November tonnage	54,311	73,205— 25%
9 months to November 30	718,395	690,342+ 4%
Employment—December index	101.1	96.2
Newsprint production—December tonnage	163,177	136,983+ 19%
Automobiles produced—11 months to November 30	197,364	153,317+ 29%
Immigration, 11 months, to November 30	130,560	80,904+ 62%
Business failures—No. of firms,, 12 months	2,196	2,371— 7%
Liabilities	37,082,882	45,767,8,25— 19%
Imports of key commodities, 12 mos. ending December 31—		
Rubber (raw, in pounds)	45,366,960	44,547,517+ 1%
Cotton (in pounds)	134,690,811	121,047,597+ 12%
Crude petroleum (in gallons)	667,627,576	544,286,673+ 22%
Exports of key commodities, 12 months ending December 31—		
Canned salmon, cwt.	597,593	748,686— 20%
Newsprint, cwt.	34,639,718	28,033,091+ 24%
Wheat flour, bbls.	10,456,916	10,318,840+ 1%
Wheat, bushels	250,116,414	222,344,546+ 12%
Saving deposits, Nov. (chartered banks)	1,367,295,012	1,298,831,228+ 5%
Current loans, Nov. (chartered banks)	986,400,696	909,977,043+ 8%
Exports, 12 months to December 31	1,268,581,976	1,270,986,354— 0.1%
Imports 12 months to December 31	1,008,341,911	890,193,348+ 13%
Balance of trade, 12 months to December 31	260,240,065	380,793,506— 31%
Price level, December index, 236 commodities	150.5	163.5
Bond sales, 12 mos.	587,341,196	496,500,000+ 14%
Bank clearings, January	1,508,258,374	1,349,306,742+ 11%
Construction contracts awarded in January	16,771,800	12,669,000+ 32%
	1927	1926
Pig iron (Number 1 foundry) Jan. 18	25.80	Jan. (Aver.) 26.85
Cattle—Good, Toronto, Jan. 31	7.20	Jan. (Aver.) 6.74
Wheat, No. 1, Nor. Winnipeg, Jan. 31	1.38	Jan. (Aver.) 1.93
Hogs—Select, Toronto, Jan. 31	11.50	Jan. (Aver.) $13.82



DOLLAR VOLUME OF BUSINESS HAS SUBSTANTIAL GAIN

Low Values and Early Close of Navigation Hold Down Bank Debits

The "dollar" volume of business in Canada during the year ended December last, as indicated by bank debits to individual accounts, was 7.9 per cent. higher than in the previous year and 11.8 per cent. in excess of the figures for 1924. Total debits for the Dominion in 1926, according to a report of the Bureau of Statistics, was over 30 billion dollars, compared with 28 billions and 27 billions in 1925 and 1924, respectively.

Although the heavy volume of business transacted in 1926 would lead to the assumption that debits should have been shown at a larger figure, the lower valuation of commodities, especially manufactured articles, was mainly responsible in keeping down the increase. The wholesale price index of some 236 commodities, for example, averaged for the whole of last year 156.3, compared with 159.8 in 1925, a decrease of 3.5. Had the level remained the same as in the preceding year, it is likely that debits would have been considerably greater. Furthermore, the late movement of the grain crop in the West was also instrumental in carrying over a large amount of business which would ordinarily be credited to last year.

Quebec Most Active

While each of the economic areas, with the exception of the Prairie Provinces showed increases in 1926 as compared with the preceding year, the greatest gain was effected in Quebec province, where the increase was no less than 17 per cent. The total in Quebec during 1926 was $9,909,000,000, as compared with $8,475,000,000 in the previous year. The increase in Ontario was also substantial, the total being $11,998,000 000, as against $11,236,000,000, an increase of nearly 7 per cent. The debits in Maritime provinces show an increase of nearly 6 per cent. over the low level of 1925, when they totalled $572,499,530. In British Columbia a steady increase was shown, the total in 1926 being $1.959,000,000, as compared with $1,842,000,000, in 1926, the gain being more than 6 per cent. The debits of the Prairie Provinces showed a decline in this comparison of 2 per cent., the total in 1926 being $5,885,600,000.

As will be seen from the chart, the surface line for the past year ranges above that of 1925, with the exception of the last month, when it dipped below that recorded in December of the previous year. This is due to the early closing of navigation, which had an adverse affect on the dollar volume of business. Quebec and British Columbia, the most active provinces in the Dominion, were the only areas unaffected.

Elect New B. N. S. Director

Sidney T. Smith, Winnipeg, was elected a director of the Bank of Nova Scotia at the annual general meeting of the shareholders this week. This election is in line with the bank's policy of having resident directors in the important centres of Canada. Mr. Smith is president Smith, Murphy Co., Ltd., grain dealers and exporters, Winnipeg, Man.; president, Reliance Terminal Elevator Co., Fort William, Ont.; president, Province Elevator Co., Winnipeg, Man.; president, Smith, Murphy & Co., New York; director, Ogilvie Flour Mills Co., Montreal Que.

The Manitoba Paper Company's 125-ton pulp and paper mill, 90 miles north of Winnipeg, and the first pulp and paper mill in the Prairie Provinces, has begun operations. A modern town of 1,000 people is springing up on the site.

Sugar Beet Pulp Used as Lamb Feed in S. Alberta

Establishment of the sugar beet factory at Raymond, in Southern Alberta, a couple of years ago, has in turn brought about a revival of interest in lamb feeding in that territory. It has been found that the refuse from refining processes, is valuable as feed and although at present only available in limited quantities, a number of farmers in the district have found it profitable to keep a few lambs on their property, feeding them sugar beet pulp.

This is in line with the marked trend of recent years toward the small farm flock in Southern Alberta. With irrigation extending in the south, more feed and roughage are being grown, and this is leading many irrigation farmers to buy breeding ewes as a foundation for permanent flocks. Dry land farmers are also adding sheep, for they find that sheep keep their farms clean. In southeastern Alberta those farmers who intend to stick with their holdings are gradually putting sheep on their lands, believing that sheep are likely to prove the salvation of the drought area. Sweet clover is being planted extensively for both pasture and stacked feed. It will thrive, experience shows, in the dry areas where the rainfall is extremely light, and this crop with green grain and corn that can be grown even if not matured, ought to supply the farmer-rancher operating a section or more with abundant feed for sheep and cattle.

Thirty-one Steel Plants

Thirty-one plants were engaged in primary iron and steel production during 1925, in which the capital invested amounted to $80,757,625, and the value of production amounted to $32,909,463. Over $15,000,000 was spent on materials, so that the value added by manufacture was $17,402,086. The industry gave employment to 4,946 persons, to whom salaries and wages totaling $7,079,099 were paid.

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Sugar Production Satisfactory

MONTREAL.—For the four weeks' period ending December 31, 1926, the total sugar manufactured in Canadian refineries showed a satisfactory increase. The four weeks' production amounted to 90,167,873 pounds as compared with 72,305,230 pounds in 1925. The production for the year 1926 amounted to 1,161,691,482 pounds as compared with 1,182,690,321 pounds in 1925.

Exports of sugar during December were somewhat lower than during the same month of 1925 and amounted to 14,900,900 pounds as against 16,749,500 pounds in December, 1925.

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Preliminary to a personal interview, write us fully about your qualifications and history.
Canadian Industries, Limited
Canadian Pacific Building TORONTO 2

LAST MONTH WAS ABNORMAL PERIOD FOR CAN. PAC. RY.

Was Handicapped But Earnings for Year Will be About 14%

From Our Own Correspondent.

MONTREAL.—Although the Canadian Pacific experienced a drastic decline in net earnings in December, it is necessary to go back ten years in the records to find as favorable a showing as the company made in the whole of 1926. The net earnings for the year were $44,945,126, a figure which has not been reached since 1917 when the net amount was $46,546,000.

The following are the gross and net figures for December and for the 1926 year compared with the 1925 figures:

	1926	1925	Inc.
Dec.—			
Gross	$17,791,980	$19,818,544	x$2,026,563
Wk. exp.	16,175,798	14,991,752	1,184,045
Net	$ 1,616,182	$ 4,826,792	x$3,210,600
Year—			
Gross	198,025,591	182,356,005	14,669,586
Wk. exp.	153,080,464	143,202,230	9,879,235
Net	$ 44,945,126	$40,154,755	$4,790,351

xDecrease.

An Abnormal Month

While the net earnings of the company in December declined sharply as compared with 1925, yet the gross figure of nearly $18,000,000 compares satisfactorily with December earnings in previous years. The drop in the net earnings is due to operating expenses which increased at the same time that the gross decreased. The month proved particularly unsatisfactory from an operating viewpoint due in part to exceptionally bad weather conditions. Thus, the operating costs during the month may be regarded as decidedly abnormal.

Before the December figures made their appearance, it was generally felt that the Canadian Pacific Railway would show earnings in 1916 on its common stock of around 15 per cent. However, with the bad luck which was encountered in December it has now figured that the earnings available for common stock—worked out on a basis of last year's figures—should amount to around 14 per cent. on the common shares.

7 Per Cent. From Road

Of the ten per cent. which the Canadian Pacific Railway pays its shareholders, 3 per cent comes from a special income account which consists of revenues from ocean services, telegraphs, investments and other miscellaneous sources. The remaining 7 per cent. paid on the common shares comes from the earnings of the road. In 1925, the road itself earned 8.35 per cent. to meet the 7 per cent. required for dividends. This year, earnings from railway operation will probably amount to over 11 per cent. Between 1921 and 1924 inclusive, the earnings from the railway averaged about 7.5 per cent. It will be seen therefore, that the position of the railway when viewed only from the earning power of its rolling stock has been materially improved during the year.

While the earnings from the road itself have of recent years been little in excess of the 7 per cent. dividend requirements, yet from its special income account, after deduction of 3 per cent. of the dividend, the company has been able to set aside annually surpluses of around $5,000,000.

Other People's Views

Want Market for Coal

The Maritime Merchant.—If we were to be given the privilege of one wish, (with the assurance that it would be granted), having to do with the betterment of our industrial welfare in the Maritimes, we should probably ask for an assured demand for our coal, which would enable us to give employment to our coal miners throughout the year. This to us seems to be the biggest things that we could get. We should like to have a better market for our steel industry and improved opportunities for selling many other Maritime products in the west, but if we were to have only one wish gratified, then our first choice would be a big outlet for coal. Steady work for our coal miners throughout the year would give a stability to business conditions in the provinces that is of the very greatest importance.

And even though the obtaining of it should necessitate a sacrifice on the part of Quebec and Ontario, why should they not make it? For then it would be largely taking money out of one pocket and putting it in the other, for there is no part of the world where, in proportion to population, there is a greater market for Quebec and Ontario products than in the Maritime Provinces, and the more prosperity we have here the better customers of Quebec and Ontario we are bound to be. Getting their coal a little cheaper in the United States doesn't help them to sell anything to the American market; for the United States by its tariff, discourages the sale of Canadian products there. But there is no barrier to keep Quebec and Ontario products out of the Maritime provinces, and if those provinces were to take our coal in sufficient quantities, they would so stabilize our coal industry as to open improved opportunities for their products to find a market here. This seems to us to be a fair plea to make to our sister provinces.

Better Production Methods Urged by N. B. Farm Leader

Successful production and distribution from the standpoint of agriculture, should be considered just as energetically as is being done by commercial and industrial interests, declared Austin Taylor, president of the New Brunswick Farmers' and Dairymen's Association, during the course of his annual address before the fifty-first annual convention of the Association.

"New Brunswick farmers can produce much larger quantities of farm and dairy products if they more intelligently undertake to do so," he said, "When we consider large undertakings in agriculture we are apt to think of the West with its vast areas of tillage land and the millions of bushels of grain grown, but there are great possibilities in these Maritime provinces for the development of agriculture.

"We should consider these and avoid unprofitable ventures," he continued. "Prince Edward Island is a striking example of what can be done within limited areas particularly in its production of potatoes for export."

Inequality in Collection of Sales Tax Handicaps Honest Business Firms

Laxity in the collection of sales tax has reached almost the proportions of a scandal in Canada. Honest business houses, that pay their sales tax to the government, promptly when due each month, are being penalized in the conduct of their business because other firms do not pay the tax when it is due. Of these sums not promptly paid, much has never been paid to the government and immense sums never will be paid. Although collected from customers and passed on as part of the selling price, the tax has been misappropriated in an enormous number of cases, the funds being used for the ordinary conduct of business or to stave off other more pressing creditors, while the government has apparently failed to grasp the available weapons to enforce collection.

Announcement was made the other day of the failure of an old-established Ontario firm.

A newspaper account states that the principal liabilities include $70,000 to the bank; $13,000 to the government for sales tax and custom duties; unpaid taxes of $2,000; light bills of $1,050 and wages of $5,000. As custom duties are paid before any goods are released, the $13,000 item may be taken as representing sales tax entirely and it is understood that this is the case.

Government Merely Creditor

What is the position of the government in regard to this company? The bank has a first lien on the assets; ranking, because of that direct pledge, ahead of the government's claim. Formerly sales tax ranked ahead of bank liens but this is no longer true. The government is merely a preferred creditor and must accept its share of the losses, if any, sustained by the creditors. Unless present efforts to re-finance the company are successful, this may conceivably be very serious.

Other businesses which have paid their sales taxes promptly, may, with much justice, inquire why this firm, or any other firm, running short of working capital and in a condition of financial instability should be permitted to utilize government capital to the amount of $13,000 to try and stave off its final collapse. In fact, the amount of public funds utilized in the conduct of this firm's business ran at one time even higher than the $13,000 figure. It is understood that sales tax due the government amounted to around $22,000 at one time. The firm had reduced this by about $9,000 before coming to the end of its financial tether.

Handicaps Prompt-Paying Firms

To understand what laxity in sales tax collection means to reliable, honest firms that pay their taxes promptly one has only to compare the operations of two firms; one that pays its bills promptly and operates on its own capital and the other which keeps its creditors from swooping down upon it by paying a little now and then, by holding back funds due the government, maintaining a certain sales volume by under-cutting the market price for its goods, and definitely, with malice aforethought or through inefficiency, heading for bankruptcy.

It is quite apparent that the first firm will continue in business during the lifetime of a dozen successive firms of the second type but it is also true that the existence of the financially unsound competitors, always springing up, will continually provide unfair competition, which will upset trade generally and greatly curtail the profits of the first firm.

When the second firm is able, through failure of the government to enforce prompt payment of sales tax, to throw what is really public funds into the breach in an attempt to prevent its downfall, it is obvious also that the first firm, paying its sales tax promptly at the end of each month, is being handicapped by a most unfair advantage given to its inefficient or dishonest competitor.

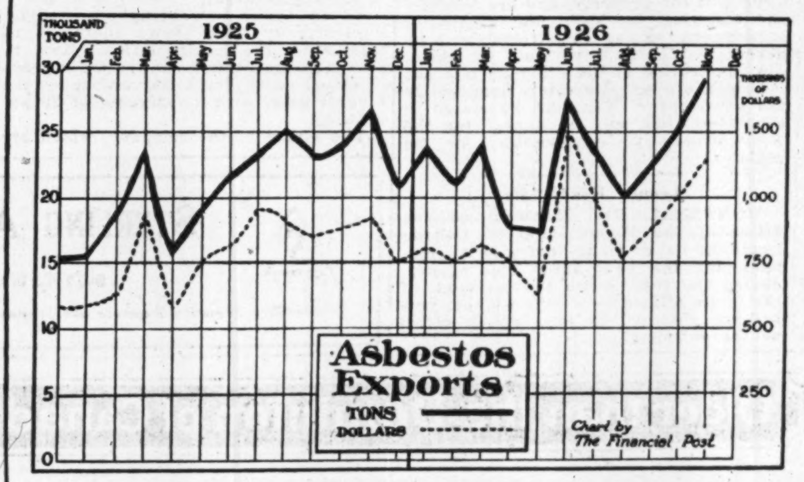
Of course, all firms that are in arrears on their sales tax are not dishonest, nor all firms that go bankrupt dishonest. But every time the government permits one firm to hold up its sales tax payments for a term of weeks or months, it is permitting that firm to use, without interest, money that is rightfully the property of the public at large. It is acting the part of banker gratuitously and at the expense of every other tax-payer. This unfairness is additional to the possibility of bankruptcy or other financial difficulty robbing the country of all or part of the payment due. Such a situation is unfair because it represents an unequal incidence of taxation upon business firms that should be equally taxed in order that they may compete on an even basis in the field of business.

Asbestos Merger Puts Export Prices Higher?

From Our Own Correspondent.

MONTREAL.—The monthly exports of asbestos give at least some idea of progress which the Asbestos Corporation is making.

The accompanying chart shows the tonnage and the value of Canadian exports of asbestos. Included in the figures making up the graph are the exports of sand and other low grades, which, while amounting to about the same tonnage as the long fibre, higher grade asbestos, yet, are only about one-quarter of the value of the higher grades.



The chart reveals, that with the exception of the month of June, there was some falling off in the demand for asbestos during 1926 as compared with 1925. This, so it is said, is due to the fact that during the closing months of 1925, consumers of the raw product in the United States, recognizing the possibility of a merger, laid in large stocks and naturally the demand in 1926 declined somewhat.

Consummated in February

The asbestos merger was consummated on February 1, of 1926, but the component companies had many contracts which had to be carried out at the prices prevailing in 1925, and therefore, probably the benefits of the merger will not be felt to the full until the current year. But in any event, the graph discloses the fact that since the merger was brought about, the value of the asbestos exported, has shown some increase in price. This can be seen by noting that the tons and dollars lines in the graph are closer together during the latter portion of 1926.

While the Asbestos Corporation is not the only producer shipping raw asbestos out of Canada, yet, it is the predominant producer of that mineral and therefore the government figures should provide a fairly reliable index of the progress which it is making.

Book Reviews

WEST INDIES YEAR BOOK

The first edition of a publication called the "Year Book of the West Indies," is now being circulated. This work appears at a most appropriate time, in view of the extensive arrangements now under way for furthering trade between Canada and that territory, and it should prove of value in giving Canadian manufacturers and exporters a comprehensive knowledge of conditions in each of the Islands of the West Indian group.

The opening section of the volume is devoted to an historical and statistical summary of the colonies as a whole, while the pages following each Island or group are separately treated and concise information given on such subjects as population, government, shipping, roads, banking and currency, finance, production, trade, tariffs and preferential tables.

There is a wealth of other general information, such as steamship services, cable rates, chambers of commerce, social and sporting clubs, newspapers, income tax tables, Canada-West Indies trade agreement, trade with Canada, etc.

Certain information is also given concerning Cuba, Porto Rico, Virgin Islands, Haiti, Santa Domingo, Guadeloupe, Martinique and Curacao.

The book is published by the Associated Canadian Industries, Inc., 35 St. Nicholas street, Montreal, and can be purchased for one dollar.

Form Curb Firm

MONTREAL.—A new Montreal curb Exchange firm has come into being with the formation of the firm of Williamson, Plow, Limited, by D. Williamson and H. A. Plow. Mr. Williamson spent some years with The Royal Securities Corporation, as also did Mr. Plow, who later joined the firm of H. B. Robinson & Co., in which firm he was a director.

The province of Quebec has 2,789,190 of population, of whom 1,235,420 live in the rural municipalities.

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Stock Market

C.P.R. ASCENDS TO 176 IN WALL STREET ACTIVITY

Liquors Are Higher in Canadian Market — Some Losses Registered

MARKET INDICATOR

20 Industrial Stocks		
Week of Feb. 2	98.7	96.1
Week of Jan. 26	98.3	95.3
Month of Feb. 1926	88.8	80.5
9 Bank Stocks		
Week of Feb. 2	$240	$238
Week of Jan. 26	242	239
Month of Feb., 1926	227	224
10 Public Utilities		
Week of Feb. 3	104	101
Week of Jan. 26	102	100
Month of Feb. 1926	103	99

There were more losses than gains in the Canadian stock markets in the past week, but Wednesday found the market verging on the spectacular after several quiet weeks. Penman's Wednesday ascended fourteen points on a small turnover as the result of a rumor of a stock split. In New York the same day the directors of Rock Island placed that stock on a $5 dividend basis and immediately the rails began to rise, Canadian Pacific going up several points to 176, from its recent strong levels. Some of the strength in the New York market was attributed to covering by shorts, especially in the motor stocks.

Canadian industrial issues registered fractional losses during the week and the stocks of five banks also were slightly lower. These recessions may be attributed to the fact that annual meetings have been held in many banks and industrial companies and, following failure of directors to increase dividends, as could have been justified in many instances, the stocks have a tendency to recede to their former levels.

Two Active Oils

The New York financial writers continue to assert that the oil issues have been neglected by the public, to a large extent, in the great bull market which is about ended or which is pausing for breath for ascent to new heights. Two of the Canadian oils, however, have been active and strong. British-American has witnessed a stock split and the new issue continues to rise in price in advance of a dividend declaration on the new issue. Imperial Oil also is strong on the assumption that cash accumulated in the treasury either must soon be distributed among the shareholders or expended in new development work in some corner of the world where oil has not yet been found. Is the latter course in contemplation? And, if it is, will the results be as happy as in Columbia or Alberta?

Mines are Weak

Liquor stocks have continued to sell well up, Walkers having advanced 14 points from the opening price of 25.

Canadian mining stocks, with some notable exceptions, continue to act nervously, and predictions of another forward movement in Quebec issues have failed to materialize so far.

WEEK'S GAINS AND LOSSES

	Gains	Losses	Unch.	Total
Banks	1	5	3	9
Paper	3	6	5	14
Steel	9	5	23	37
Foodstuffs	12	10	20	42
Utilities	9	11	9	29
Tractions	5	3	6	14
Textiles	1	4	11	16
Industrials	11	20	20	51
Total	51	64	97	212

BANQUE PROVINCIALE EARNINGS IMPROVE

Net for 1926 Was $454,123, an Increase of $46,855

From Our Own Correspondent.

MONTREAL.—The annual report of la Banque Provinciale du Canada for the fiscal year ending November 30, 1926, reveals a decided increase in the net earnings, which amounted to $454,123, as compared with $407,268 in the preceding year.

From the net earnings were deducted the regular 9 per cent. dividends, $58,500 was reserved for federal taxes, and $60,539 was applied for amortization in full of the cost of installation and maintenance of new branches. The last write-off has been a consistent policy of the management over a period of years.

The Annual Meeting

At the annual meeting of the bank, held this week, Hon. Sir Hormisdas Laporte occupied the chair, and the reports and statement submitted were read by the vice-president and general manager, Tancrede Bienvenu.

Satisfaction is expressed by the board over the developments of the bank during the past year. An issue of $1,000,000 of capital stock made in May last was largely over-subscribed and entirely paid during the latter part of the year. The paid-up capital of the bank is now $4,000,000.

The total assets are $47,888,000. Liquid assets are in excess of $27,000,000, or nearly 65 per cent. of the obligations to the public, this percentage being one of the highest reported to date by the Canadian banks this year.

The total number of shareholders of the bank is now over 3,300, and the report of the board also mentions that 37,731 new deposit accounts have been opened during the year.

The Banque Provinciale du Canada now has 131 branches and 185 sub-branches in operation in the provinces of Quebec, Ontario, New Brunswick, and Prince Edward Island.

Alcohol Strengthens

MONTREAL.—The shares of the Canadian Industrial Alcohol Company appear to be returning to investment popularity and the stock has strengthened somewhat after its recent decline. The weakness was caused by the announcement that the Hiram Walker deal was off and also because the stock is now selling without the recent 20 per cent. stock bonus. There is no special news regarding the company to which the increased activity and higher prices of the shares can be attributed except that it said that good progress is being made in developing the industrial alcohol end of the business.

Say Flour Exports to Slovakia Steady

From Our Own Correspondent.

MONTREAL.—Business with Czecho-Slovakia is reported by the Canadian Millers Association as being very satisfactory as regards the export of Canadian flour. The consulate of Czecho-Slovakia in Montreal has just issued a statement dealing with the Canadian exports of flour to that country for the period commencing April 23 and ending December 31, 1926. In this eight months period 614,526 barrels of flour have been exported to Czecho-Slovakia. This period includes the time when the higher duty on flour was put into force by Czecho-Slovakia, namely August 1 to December 6, during which period exports dwindled to nothing.

CANADA CEMENT SURPRISES ALL BY 1926 REPORT

Despite Lower Prices, Earnings Were Maintained — Financial Position Better

From Our Own Correspondent.

MONTREAL.—It is little wonder that the shares of the Canada Cement Company made such a substantial appreciation recently, for the annual report, covering the year ending December 31, 1926, shows that the much lower cement prices which have prevailed during the vear have had but little effect on the company's earning power.

Early in April of 1926, the company reduced the price from $1.72 to $1.42 per barrel. Four weeks later a further reduction to $1.15 was announced. At that time, it was pretty generally felt that the reductions would have a material effect upon the earnings during the year, but the company has increased its output and, so it is said, has found new foreign markets for its production and has been able to make up what it lost through lower prices by its increased output.

The Year's Figures

The profit and loss figures and the working capital figures over the past three years compare as follows:

	1926	1925	1924
xOp. prof.	$1,576,966	$1,699,243	$1,661,445
Other income	697,041	644,762	544,145
Total	2,274,007	2,344,006	2,205,590
Bond interest	287,897	307,459	326,190
Cont. res.	200,000	200,000	210,000
Fire ins. res.	149,461	150,570	....
Extra res.	40,000	40,000	40,000
Ind. acc, res.	16,500	11,000	23,500
Balance	1,580,147	1,634,977	1,605,900
Pfd. div.	735,000	735,000	735,000
Com. div.	810,000	810,000	810,000
Surplus	35,147	89,977	6,899
Prev. surp.	1,356,426	1,266,450	705,550
Total	1,391,573	1,356,427	766,449
From res.	....	....	500,000
P. & L. bal.	1,391,573	1,356,427	1,266,449

*After depreciation.

Working Capital Position

	1926	1925	1924
*Bonds	$6,163,784	$6,788,808	$6,194,357
Curr. assets	4,215,051	3,426,099	3,179,921
Total	10,378,835	10,214,907	9,374,278
Curr. liabs.	1,126,533	1,591,317	2,365,269
Work. cap.	9,252,302	8,623,590	7,009,009

xNot in excess of market value.

Profits Really Unchanged

It will be seen from the foregoing figures that the operating profits decreased during the year by $122,277, and that the income from other sources increased by $62,279. This made only a decline in the total profits for the year of some $70,000. The depreciation written off for 1926 was $1,650,884—an increase of $107,657 on the 1925 figures; so that, if the same amount of depreciation had been written off in 1926 as in the preceding year, both the operating profits and the total profits would have shown an increase.

The report differs but little from its predecessors and, as usual, only a small margin of profits over dividend requirements is shown in the figures—most of the earnings were distributed into reserves of one sort or another. As usual, also, the liquid position of the company shows a further betterment.

In the balance sheet, the plant account is again lower by some $1,100,000, and the investment account shows a decline of some $400,000. Cash on hand is up from $223,210 last year to $1,303,107. Among the liabilities the bonds outstanding total $4,543,146, a decline of $340,000 during the year.

The President's Remarks

Regarding the remarkably strong showing which has been made by the company, Frank P. Jones, the president, in his remarks to the shareholders, says in part:

"There was a marked improvement in Canada's purchasing power during 1926 over 1925, which, with the decreased selling price of cement, resulted in the total consumption of cement in Canada for the year 1926 showing a substantial increase over 1925, and enabled your mills to operate to approximately 57 per cent. of their capacity. Export business showed a satisfactory and steady growth.

"We regret that the sales tax, which was referred to in our last year's report, is still in effect, but we hope that the continued improvement in Canada's business will enable the government to abolish this tax.

"Your company's income during the past year, derived from sources other than the manufacture and sale of cement, reached the sum of $697,041, and there is every prospect of this income continuing to increase.

The Investment Account

"Investments in and advances to other companies have increased by $203,826, which increase is entirely accounted for by your company having, during the year, paid in full for the stock which it subscribed for in the Pennsylvania Gypsum Company, of Chester, Pa. Other investments show a decrease of $602,023, which is accounted for by the sale of securities, proceeds of which have not yet been re-invested and are, therefore, in current assets as cash.

"Current assets are $4,215,051, to which may properly be added investments in bonds, which would give total current assets of $10,378,836. Total current liabilities are $1,126,533; therefore current assets exceed current liabilities by $9,252,303.

"We are pleased to advise you that, during the past year, the price of cement to the consumer has been reduced and the policy of reducing our price, as circumstances permit, will be continued."

WINNIPEG BODIES ENDORSE STAND OF MAN. PAPER CO.

Say Established Industries Should be Protected as Inducement to Others

Established industries should be fully protected as a means of paving the way for other industries, is the opinion of the Manitoba Industrial Development Board and the Winnipeg Board of Trade, which adopted a resolution fully endorsing the Manitoba Paper Company's application to the government for additional wood supplies in the Lake Winnipeg district.

The resolution read as follows: "That we are desirous of the Manitoba Paper Company being definitely assured of a proper supply of wood for a two-paper machine unit capacity (six million cords). In view of the existing circumstances, we approve of a sale by private contract on terms fixing a price which would be fair in competition with prices existing in Ontario and Quebec, and that this joint meeting appoint a committee of five to formulate a resolution embodying the foregoing views and dealing with other questions involved upon which the provincial government desires to obtain the views of this meeting, to be presented to an adjournment of this meeting."

A meeting was called at the request of Travers Sweatman, K.C., solicitor for the company, who wished to explain all details of the company's request to the government.

Outlines History of Deal

In outlining the dealings of the company with the government, Mr. Sweatman stated that the present plant and equipment consists of one modern high-speed paper machine, guaranteed, at 1,000 feet per minute, to turn out 125 tons of newsprint per day. The mill contains the necessary grinders and other equipment, including a sulphite plant.

When the company secured their first pulpwood berths it was found that the total cordage was not sufficient for a two-machine mill, and the government was so informed, Mr. Sweatman declared. The government's reply was: "If you will build a one-machine mill of 125 tons capacity and show your good faith, after the selections are made, and we know all about the wood supplies on Lake Winnipeg, we will allow you to expand your mill to a two-machine mill of a capacity of 250 tons of newsprint. You will then be an existing industry and the rule that timber must be put up for competition will not apply to your mill on account of the fact that you are an existing industry. We will then give you the necessary wood to warrant you expanding your mill to a daily capacity of 250 tons."

Cause of Criticism

Three clauses were inserted in this agreement, one of which, section 9, has caused most of the criticism, Mr. Sweatman stated. This clause stated: "The government shall guarantee to the company that no other pulpwood concession or concessions providing for other pulp mill or mills shall be granted on Lake Winnipeg unless and until it shall be determined by examination and estimate of pulpwood supplies available to Lake Winnipeg, that such wood supplies justify such additional mill or mills, and provide for their continuous operation."

Inserted for Guarantee

This section was inserted to give to the bankers who financed the undertaking the guarantee of the government that, if necessary, the company could get all the wood that existed on Lake Winnipeg to make it possible to maintain a 250-ton mill in perpetuity, Mr. Sweatman pointed out.

The company is not asking for any more territory or any more wood than was originally contemplated, and the only change the company made in its plans was that, instead of waiting until the government had made an entire survey of the Lake Winnipeg area before installing a second machine, the company, due to a drop in the price of newsprint, which necessitated the installing of two machines to ensure keeping the mill in operation, asked to instal the second machine immediately. It is impossible for the company to instal the second machine before this difficulty has been ironed out, he continued. Another difficulty, Mr. Sweatman pointed out, is that the company has to deal with both the Dominion and provincial governments, and in between is the question of whether Manitoba should control her own natural resources. The Dominion government, he stated, are the legal owners of the property, and are actually administering it, while the provincial government claims that the Dominion government holds it in trust for them. The application of the company was not in any sense an attempt to monopolize the resources of Manitoba, he stated in conclusion, but only an appeal for the wood originally contemplated in the contract.

Agency Heads List

MONTREAL.—The Montreal uptown office of the Mutual Life of Canada heads the list of all the agencies of company for the year 1926. This agency, during the year, wrote 158 per cent. of the quota alloted to it—the highest percentage obtained by any branch office of the company.

PREFERRED STOCKS
Safe and Permanent Investments

THE Preferred Stocks we offer are safeguarded investments in public utility companies and essential industries. They form a permanent investment, assuring the purchaser an income return in excess of what may be attainable in the near future; the current trend of the money market being definitely toward lower interest rates. These Preferred Stocks bear our recommendation.

Prices to yield from 5.90% to 7.07%

POWER CORPORATION OF CANADA LIMITED
6% Cumulative First Preferred — Price, Market to yield 6.15%

CANADA NORTHERN POWER CORPORATION LIMITED
7% Cumulative Preferred
Price, Market to yield 7%

DOMINION POWER & TRANSMISSION COMPANY LIMITED
7% Cumulative Preferred
Price, Market to yield 6.90%

SOUTHERN CANADA POWER COMPANY LIMITED
6% Cumulative Participating Preferred Stock
Price, Market to yield 5.90%

EASTERN DAIRIES LIMITED
7% Cumulative Preferred
Price, Market to yield over 7%

EAST KOOTENAY POWER COMPANY LIMITED
7% Cumulative Preferred
Price, Market to yield 7%

OTTAWA & HULL POWER COMPANY LIMITED
7% Cumulative Preferred
Price, Market to yield 7%

WINNIPEG ELECTRIC COMPANY LIMITED
7% Preferred
Price, Market to yield 6.85%

OTTAWA-MONTREAL POWER COMPANY LIMITED
7% Cumulative Preferred
($50. par value)
Price, Market to yield 7%

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Ontario Bakeries Find New Loaf Profitable

Ontario Bakeries, Limited, which was organized early last Fall to take over eleven established baking companies in this province, and which subsequently acquired by purchase two additional going concerns, has brought out a new loaf, which they have copyrighted under the name of "Half-and-Half." The loaf is composed of one-half white bread and one-half whole wheat bread baked in a common mould in such a way that while the halves become attached they do not blend.

Following its introduction in the St. Catharines plant a 45 per cent. increase in sales was shown.

All the units now being operated by the company have shown increases in sales since the amalgamation. Next to St. Catharines, which showed an increase of 45 per cent., North Bay unit made the biggest gain, with an increase of 25 per cent.

The plants of the company, which are located in centres of population, serve an extensive country trade.

Appoints New Directors

At the annual meeting of the shareholders of the Toronto General Trusts Corporation, W. W. Near, president and general manager of the Page-Hersey Tubes, Ltd., and Albert L. Matthews, of Matthews and Co., were appointed directors of the corporation.

D. J. McDougald J. B. McArthur
Government, Municipal and Corporation
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D. J. McDougald & Co.
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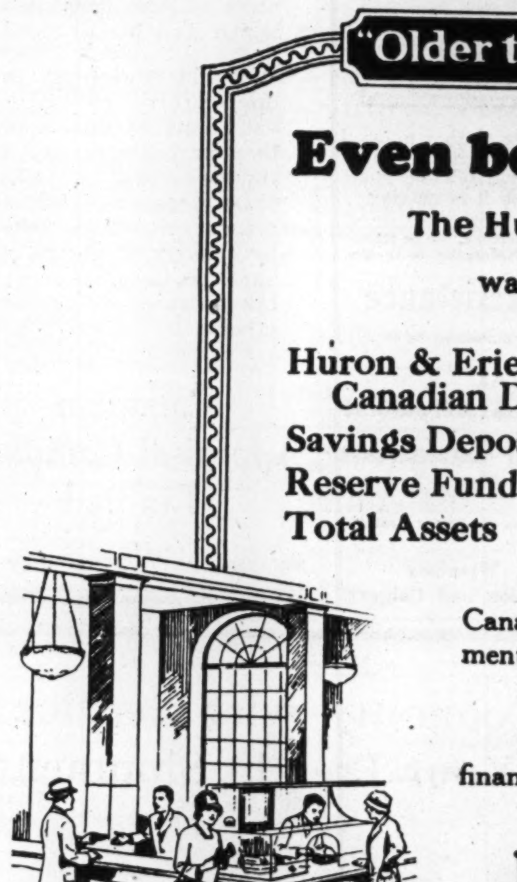
Sterling Security Reports are prepared by Registered Professional Engineers

"Older than the Dominion of Canada"

Even before Confederation—
The Huron & Erie Mortgage Corporation
was a trusted institution with the Canadian people.



	End of 1926	Increase
Huron & Erie Canadian Debentures	$ 19,931,000	$ 4,866,000
Savings Deposits	8,647,000	1,686,000
Reserve Fund	2,350,000	500,000
Total Assets	39,558,000	8,091,000

The "Old Huron & Erie" now safeguards for Canadians more deposits and debenture investments than any similar institution in the Dominion.

Surplus security now $7,350,000

May we have the privilege of assisting you in financial transactions?

The Huron & Erie Mortgage Corporation
Branches in Five Provinces
London (four) Toronto Hamilton
Windsor Chatham St. Thomas Winnipeg
Regina Edmonton Victoria

Stock Market Record

WEEK ENDING FEBRUARY 1

	Div. Rate	Yield Jan. 31	High for wk.	Low for wk.	Close Feb. 1	Close Jan. 25	Sales for wk.	Range, 1926-7 High	Range, 1926-7 Low
Banks—									
Commerce	12+1	5.34	244	242	242	244	137	248	214
Dominion	12+1	5.77	227	225	227	230	43	230	207
Can. Nationale	10	6.06	165½	165	165	165	33	170	157
Imperial	12+1	5.92	220	219	220	219	178	222	200
Montreal	12+2	4.82	292½	290	290	292½	394	295	251
Nova Scotia	16	5.24	310	305	307	307	119	310	281
Royal	12+2	5.34	266	262	262	264½	214	270	248
Standard	12	5.85	206	205	206	206½	106	207	189½
Toronto	12	5.04	238	236	238	238	26	238½	213
Paper—									
Abitibi, com. (no par)	5	6.02	84¾	82	84	86	5223	98	70¼
Do. pref.	7	6.08	..	...	...	...	...	116	106¾
Belgo-Can. pref.	7	6.82	102½	102	102	102	80	102½	95¾
Brompton (no par)	50c	1.47	34	32¾	32¾	34	1231	38¼	26
Inter. Paper, com.	50c	3.50	57⅝	54¾	57¼	...	6100	63¾	44⅛
Laurentide	6	5.74	107	102	105	104	10762	118¼	81½
Price Bros., com.	2	3.33	62	60	60½	61¾	1705	76⅝	57
Do. pref.	6½	6.25	104	102½	103	102	31	104	95
Prov. Paper, com.	6+1	5.78	..	...	...	...	...	121	100
Do. pref.	7	6.60	..	...	...	...	...	107	100
Smith, Howard, com.	.	...	64½	60½	64½	60½	360	67	38
Do. pref.	8	7.69	104	104	104	104	9	106	92¾
Span. River, com.	7	7.00	100⅝	99	99½	101	2371	114¾	96½
Do. pref.	7	6.14	114½	114	114	114⅛	327	120	108
Wayagamack	$3	5.97	51	49½	50¼	52	820	59½	49½
Steel and Steel Industries—									
B.E. Steel, com.	.	...	..	...	...	...	...	3½	¼
Do. 1st pref.	.	...	18½	18	18½	18	20	30	9
Do. 2nd pref.	.	...	2¾	2½	2¾	2¾	465	10¾	1
Can. Car & Found., com.	.	...	48½	45½	48½	47¾	510	50¼	33
Do. pref.	7	7.77	91	90	90½	90½	835	92½	73
Can. Fairbanks, pref.	.	...	..	...	...	...	...	80	60
Can. Forgings, com.	.	...	..	...	...	...	...	17	8
Do. pref.	.	...	66	66	66	66	25	70	41½
C.G.E., com. (par $50)	.	...	..	...	...	...	...	53	47
Do. pref. (par $50)	7	6.00	58¾	57¼	58¼	58	169	60	53½
Can. Locomotive, com.	.	...	..	...	...	...	...	42	35
Do. pref.	7	8.04	85¾	85¾	85¾	87	5	89½	73
Canada Iron, com.	.	...	..	...	...	...	...	12	9
Do. pref.	4	9.09	..	...	...	...	...	44	39
Dominion Coal	.	...	..	...	...	...	...	75	40
Dominion Iron, pref.	.	...	..	...	...	...	...	24¾	5
Dominion Bridge	4+2	5.12	118	116¾	118	118⅜	571	122¾	80
Dom. Radiator, pref.	7	6.93	..	...	...	...	...	103½	100¼
Dom. Steel Corp., pref.	.	...	22¾	22¼	22½	22½	237	26	10⅝
Ford Motor	10	...	..	...	...	...	...	622	500
Gould Pumps, pref.	7	7.00	..	...	...	...	...	100¼	100
Kelvinator, com. (no par)	.	...	12	11	11	11	60	24¼	9⅞
Do. pref.	7	7.69	91	89	91	89	148	95¾	88
McKin. Ind. c. (no par)	.	...	..	...	...	...	...	31½	15
Do. pref.	7	7.50	..	...	...	...	...	97½	87
Massey-Harris, com.	.	...	68½	67½	68	68½	452	73	40
Do. pref.	7	6.60	105⅞	105	105¾	105¾	78	105⅞	93
N.S. Steel, pref.	.	...	..	...	...	...	...	25	20
Ontario Steel, com.	4	5.12	78	76	76	76½	35	78½	60
Do. pref.	7	6.84	..	...	...	...	...	103	98
Page Hersey, com.	$3	5.31	57	55½	56½	56	740	59½	43
Do. pref.	7	6.00	117	116	117	116	270	120	100½
Pressed Metals, com.	.	...	..	...	...	...	...	40	30
Do. pref.	.	...	..	...	...	...	...	85	85
Russell Motor, com.	3	6.12	..	...	...	...	...	50	39
Do. pref.	7	7.60	92	91⅞	92	90⅛	52	93	76
Sawyer-Massey, pref.	.	...	5	5	5	5	7	13	5
Steel of Canada, com.	7	5.83	121	119⅛	119⅛	121	500	121	95⅜
Do. pref.	7	5.34	131	131	131	130	20	132	114
Milling and Foodstuffs—									
Arnolds, com. (no par)	.	...	19	18	18⅛	18½	120	26⅝	18
Do. pref.	7	8.23	86	85	85	88	15	92	83
Atlantic Sugar, com.	.	...	28¼	27¾	28¼	28	713	32⅞	22
Do. pref.	.	...	..	...	...	...	...	93	75
B.C. Fishing	5	5.83	89	85	86½	86	7025	108½	57¼
Can. Bak., c. (no par)	.	...	..	...	...	...	...	37¾	26¼
Do. pref.	7	7.14	98	98	98	99	5	100	92
Can. Bread, c. (no par)	$2.50	2.76	91	90½	90½	90½	35	95	53
Do. pref. (A)	7	6.36	..	...	...	...	...	112	105
Do. pref. (B)	7	6.73	104	104	104	104	50	108	96¼
Can. Canners, com.	.	...	25⅛	24	24¼	25½	1021	30	12
Do. pref.	4	5.01	80	79	79	79½	884	80	60
Canadian Salt	8	6.06	..	...	...	...	...	145	123
Christie Brown (no par)	$1.20	3.00	..	...	...	...	...	63½	31
City Dairy, c., (par $25)	$3+1	4.44	91	85	89½	85	907	91	65½
Do. pref.	7	6.08	115	114	115	114	28	116	107
Cuban Can. Sugar, com.	.	...	..	...	...	...	...	6	3
Do. pref.	.	...	32	30	32	30	95	37	21
Wm. Davies (A) (no par)	.	...	27	26	27	27	225	37¼	26
Do. (B) (no par)	.	...	..	...	...	...	...	12	9
Dominion Stores (no par)	$2.40	3.63	68	66	68	66½	395	70¼	56
Hamilton Dairies, com.	.	...	25	25	25	24¾	10	25	21¾
Do. pref.	7	7.29	..	...	...	...	...	96	96
Inter. Milling, pref.	7	6.66	105	105	105	106	60	106	98½
Lake of Woods, com.	12	7.50	..	...	...	...	...	175	139
Do. pref.	7	6.02	116¼	116¼	116¼	116½	10	118	115
Loblaw, com.	$1.25	2.55	49	48	48	50	6	55	29¾
Do. rights	.	...	2½	2	2½	...	12	2½	2
Do. pref.	7	6.34	..	...	...	...	...	108	100½
Maple Leaf Mill, com.	.	...	..	...	...	...	...	88	50⅝
Do. pref.	7	7.00	100	99	100	99½	47	102	90
Ogilvie Flour, com.	5	2.39	209	209	209	208	5	209	165½
Do. pref.	7	5.73	..	...	...	...	...	125	117
Pure Gold Mfg. (no par)	$2	10.00	..	...	...	...	...	23½	17½
Shred. Wh. (no par)	$3	5.45	56½	55	55	56	165	59	47½
St. Law. Flour, com.	.	...	31	30¾	30¾	30	310	45	26
Do. pref.	7	8.33	..	...	...	...	...	84	79¼
Viau Biscuits, com.	.	...	..	...	...	...	...	28	18
Do. pref.	7	8.14	88	86	88	86	99	89½	85
Western Groc., c. (no par)	.	...	..	...	...	...	...	34½	23
Do. pref.	7	8.91	78½	78½	78½	78	35	80	62
West. Can. Fl., c. (no par)	$1.40	5.83	22	22	22	23½	30	25	18
Do. pref.	6½	6.50	102	102	102	100	6	103	97¾
Utilities—									
Bell Telephone	8	5.71	140¾	139	139	140	456	142½	136
Calgary Power	.	...	50	50	50	47	25	52½	47
Cedar Rapids	3	...	..	...	...	...	...	50	40
Consumers Gas	10	5.78	173	172¾	173	173	272	183⅞	170
East Koot. Power	.	...	28	28	28	29¼	5	33	25
Inter. Util. (A) (no par)	87½	...	..	...	...	...	...	38½	28
Jamaica Pub. Ser., pref.	7	7.14	98	98	98	98	19	99½	96
Laurentide Power	5	4.34	115	114¾	115	120	10	130	100
Mackay, com.	7	5.66	123½	122½	122½	122	168	138½	119
Do. pref.	4	5.57	71¾	71	71½	71¾	898	73½	68¾
Mexican Light, com.	.	...	31	31	31	31	50	33	27
Do. pref.	.	...	80	80	80	77¼	25	86	64
Mont. L H & Pr. (no par)	$2	2.82	71¾	69½	70½	71½	8199	75	59
Montreal Teleg. (par $40)	8	5.38	50	50	50	50	112	51½	47
Nor. Mexico Power, com.	1	...	48	45	48	42	346	55	40
Do. pref.	7	8.14	82½	82½	82½	86	55	86	80
Ottawa & Hull Pr., com.	.	...	..	...	...	...	...	30¾	25
Do. pref.	7	7.21	97	96	96	97	14	97	96
Ottawa L. H. & Pr., com.	6	6.03	99½	99½	99½	101	2	101	92
Do. pref.	6½	6.29	103¼	103¼	103¼	103	6	105½	100
Quebec Power, com.	6	2.70	225½	202	221½	202	11718	225½	118
Do. pref.	7	3.57	..	...	...	...	...	200	109½
Shawinigan	8	2.88	277½	268	276½	268½	2784	277½	167½
South. Can. Pr., com.	2	2.24	89	89	89	89	252	98	81
Do. pref.	6	5.94	101	100½	100½	100⅞	206	104½	99
Shawinigan (new)	.	...	69¾	68¼	69	...	12184	69¾	68¼
Transportation—									
Can. Pacific Rly.	10	5.88	171	166¼	171	169	499	171	147
Can. Steamships, com.	-	...	38	36	36	37	365	39¼	29½
Do. pref.	1½	6.97	86¼	83⅞	86¼	84	6955	86¼	75
Do. voting	.	...	34	33½	33½	35	100	35	11
Tractions—									
Barcelona (par $50)	.	...	39½	37½	39½	37	335	40½	26
Brazilian, com.	6	5.24	115¾	112	115	111¼	65410	123½	80
Do. pref.	6	6.13	..	...	...	...	...	108	97½
Detroit Un. Rly.	.	...	2	2	2	2	5	3½	1
Duluth-Superior	.	...	27½	27½	27½	27	75	33¼	25
Illinois Traction, pref.	6	6.00	..	...	...	...	...	100½	96¼
Montreal Trams	10	5.71	175	175	175	174	10	190	159
Ottawa Traction	4+1	7.35	68	68	68	68	85	74¼	60
Porto Rico Rlys., com.	1	1.70	60½	59	59	60¼	79	61	40
Do. pref.	7	7.69	92	91	92	92	6	94⅛	85½
Twin City, com.	5	7.81	64½	63¼	64	64¾	340	79½	58
Do. pref.	7	6.93	..	...	...	...	...	108	101
Winnipeg Elec., com.	1	...	65	62	63½	64¾	1461	66½	45
Do. pref.	7	6.79	103	102½	103	102½	118	104	95
Textiles—									
Can. Conn. Cotton, pref.	4	10.00	41	40¼	41	40	105	49	35
Can. Converters	7	6.96	101	100	100	102	195	104	90
Can. Cotton, com.	8	6.40	125	125	125	125	265	125	113
Do. pref.	6	6.00	100	100	100	100	25	100	92½
Can. Woollens, com.	.	...	..	...	...	...	...	10	4
Do. pref.	.	...	60¾	60	60	60	113	60¾	45
Cosmo Imp., com.	.	...	15	14½	14⅞	15	71	16½	14
Do. pref.	4	...	93	93	93	93	78	93½	92
Dom. Textile, com.	5	4.76	105½	105	105¼	106	745	109	89
Do. pref.	7	5.80	120½	120½	120½	120½	5	122	115
Monarch Knit., com.	.	...	7½	7½	7½	...	2	7½	7½
Do. pref.	.	...	..	...	...	...	...	60	30
Montreal Cottons, com.	6	5.45	..	...	...	...	...	115½	102
Do. pref.	7	6.06	..	...	...	...	...	115½	110
Penmans, com.	8	4.30	187	186	187	187	185	191	173
Do. pref.	6	5.91	..	...	...	...	...	104½	100¼
Wabasso Cotton	4+50c	4.12	109	109	109	109⅛	15	110½	60
General Industrials—									
Amer. Sales, c. (par $20)	4	5.71	71½	70	71½	70	52	72½	54
Do. pref.	7	7.14	98	98	98	98	35	98	92
Asbestos Corp., com.	.	...	24	23½	23½	23¾	1373	25¾	16½
Do. pref.	7	8.23	85	80½	84½	85¼	1193	87	62
Brant Cord. pf. (par $25)	8	8.60	23¼	22½	22½	23¼	230	27½	21
Building Products, pref.	7	7.48	..	...	...	...	...	94	83
Burt, F. N., com.	12	5.17	58	58	58	58½	205	67½	50
Do. pref.	7	3.33	..	...	...	...	...	210⅛	210⅛
Canadian Oil, com.	5	4.00	125	125	125	124½	25	125	65
Do. pref.	8	6.80	117½	116	117½	118	18	120	113
Canada Cement, com.	6	4.63	130	129	129	131	1383	135⅞	98
Do. pref.	7	5.85	120½	119½	119½	120½	64	120½	113
C. I. Alc. (no par)	$1.28+20	5.22	25⅛	21½	24¾	22¼	14645	34⅞	16¼
Crow's Nest Coal	6	9.09	..	...	...	...	...	85	51
Dom. Glass, com.	7	6.66	105	105	105	107	692	108	81
Do. pref.	7	6.14	114	114	114	114	20	114½	103
Dom. Rubber, pref.	7	8.75	..	...	...	...	...	87½	80
East Theat. c. (par $25)	.	...	29	29	29	30	100	30	18¾
Do. pref.	7	7.36	95	94½	95	94	24	95	83
Famous Players, com.	.	...	23½	22¾	23½	22	110	28½	11
Do. pref.	8	8.12	100	96½	96½	99½	268	101	88
Gilman, com.	6	4.91	..	...	...	...	...	127½	104½
Do. pref.	7	5.38	..	...	...	...	...	131	118½
Goodyear Tire, pref.	7+3½	7.25	97	96½	97	97½	181	99¼	85
Holt Renfrew, com.	.	...	43	43	43	50	8	50	26
Do. pref.	7	7.77	90	90	90	90	72	92	84½
King Ed. Hotel	.	...	29⅛	27	29¼	27	185	29¼	20
Loew's, com.	.	...	38	38	38	40	7	40	38
Do. pref.	7	6.86	..	...	...	...	...	102	90
Lyall Construction	.	...	37	37	37	36	100	48	20
Nat. Brew. c. (par $25)	4	6.03	69½	65¼	68¾	65⅝	4890	72	56
Do. pref.	7	6.42	109	109	109	110	410	110	101¾
National Brick, com.	.	...	8	8	8	10	185	12½	8
Do. pref.	7	9.85	71	71	71	65	405	72	60
Pacific Burt, com.	6	6.81	88	88	88	88½	10	110	88
Do. pref.	7	6.54	107	107	107	108	2	110	102
Port Hope Sanitary, com.	3	2.30	..	...	...	...	...	130	74½
Do. pref.	7	6.66	..	...	...	...	...	106	90
Rogers, Wm., com.	.	...	68	68	68	70	100	70	45
Do. pref.	7	7.60	92	92	92	97	30	100	90
Sher.-Williams, com.	6	4.22	143	142	143	143	45	148½	125
Do. pref.	7	5.83	120	120	120	120	25	120½	110½
Seagram (no par)	.	...	21⅞	16½	21¼	16½	48637	21⅞	14¼
Standard Chem., pref.	.	...	..	...	...	...	...	9	9
Sterling Coal	4	11.11	..	...	...	...	...	43	36
Tooke Bros., com.	.	...	..	...	...	...	...	8	8
Do. pref.	.	...	..	...	...	...	...	84½	56
Tuckett Tobacco, com.	4	5.61	71¾	69	71	70	370	73	58
Do. pref.	7	6.66	105	105	105	105	20	105¾	100
Woods Mfg., com.	.	...	45	45	45	45	15	48	38
Do. pref.	7	7.93	88½	88½	88½	89	25	90	77¾
Trust and Loan—									
Central Canada	12+8	...	..	...	...	...	...	210	210
Can. Landed (par $50)	10+1	5.78	96	95	95	94	8	100	90
Can. Permanent	12	5.45	..	...	...	...	...	221	202¼
Colonial Invest.	6	...	7	7	7	6⅝	38	7	4
Huron & Erie	7+⅓	5.39	..	...	...	...	...	139	127½
Landed Banking	9	5.59	..	...	...	...	...	161	150
Montreal Loan (par $50)	12+1	6.50	..	...	...	...	...	50⅛	50
National Trust	12	5.17	..	...	...	...	...	255	232
Do., Rights	.	...	24½	20	22	24	297	25	20½
Ontario Loan (par $50)	11	4.78	..	...	...	...	...	115	103½
Real Estate Loan	7	7.36	..	...	...	...	...	95	83
Toronto Gen. Trusts	12	5.33	225	225	225	225	3	225	220
Toronto Mtge. (par $50)	10+1	5.44	..	...	...	...	...	101	93½
Union Trust	7	6.73	..	...	...	...	...	105	98

CURB AND UNLISTED MARKETS

	Div. Rate	Yield Jan. 31	High for wk.	Low for wk.	Close Feb. 1	Close Jan. 25	Sales for wk.	Range, 1926-7 High	Range, 1926-7 Low
Andes Pete.	.	...	..	...	...	...	...	6⅝	6⅝
Anticosti, pref.	.	...	..	...	...	...	...	98¾	98¾
Attendu Engine (par $1)	.	...	21	18½	18¾	18	3202	43¾	7
Asbestos-Warrants	.	...	34¾	34¼	34¼	34½	257	34¾	34¼
Beacon Oil	.	...	19	18¼	18½	18⅝	1155	21	14¼
Belding, com.	6	6.81	..	...	...	...	...	88	75
Do. pref.	7	6.86	..	...	...	...	...	102½	92½
Brit. Am. Oil (par $25)	10+50c	2.72	93	85	90	84½	2218	93	47
Do., new	.	...	23¼	21¼	22¾	21¼	16947	23¼	20
Brew. & Distil. (par $5)	.	...	4⅞	4½	4½	4⅝	205	5¼	4¼
Can. Brewing	.	...	30	29⅞	30	30	8330	30¼	29⅞
Can. Nor. Pr. c. (no par)	.	...	51	51	51	50	35	52	28
Do. pref.	7	7.07	99	98¾	99	98¾	175	99¼	89¼
Cockshutt, pref.	4	5.33	75½	74	75½	75	75	83⅞	57¾
Continental Oil	$1	4.76*	21	21	21	22¼	55	26	17⅞
Cosgrave Brew. (par $10)	5	6.45	7⅝	7	7½	7½	1125	9	5
Cooksville Shale Brick, c.	.	...	..	...	...	...	...	10¾	10¾
Do. pref.	1	...	..	...	...	...	...	50½	50½
Com. Alcohol	.	...	49½	49½	49½	...	50	49½	49½
Dom. Engineering	$3	2.14	140	135	140	135	128	150	65
Dom. Power, pref.	7	...	..	...	...	...	...	101¼	101¼
Dryden Power (no par)	.	...	15½	13¾	14	15	370	15½	5½
Eastern Dairies (no par)	.	...	21½	21½	21½	21¼	50	21½	15½
East. Engineering	.	...	..	...	...	...	...	2½	1
Eng. Elec., com. (no par)	.	...	..	...	...	...	...	24½	15
Do. pref.	.	...	..	...	...	...	...	75	59½
Fraser, pref.	7	...	..	...	...	...	...	94½	94½
Good. & Worts (no par)	$1	2.04	48⅞	46	48	46½	5235	48⅞	27¼
Hiram Walker	.	...	40	32¼	39⅝	46½	40810	40	28½
Illinois Power, pref.	7	7.07	99½	99	99½	99	90	100	95
Imperial Oil	$1+12½	2.87	41¾	39¼	40½	41	14271	42¾	32½
Imp. Tobacco, c. (no par)	.6	...	7	7	7	7	100	7⅛	6⅞
Inter. Petroleum	75c	2.34	33	32	32¼	33½	1780	35¼	29¼
Manitoba Power (no par)	.	...	56	54	56	57	43	58½	24
McColl, com. (no par)	80c	3.50	24	22¾	22¾	23	445	25	18⅞
Do. pref.	7	6.79	103	102	102½	101½	42	103	95
Newsprint Corp.	.	...	..	...	...	...	...	27	18
North Star Oil, com.	.	...	..	...	...	...	...	130	75
Do. pref.	7	...	500	500	500	500	50	500	450
N.S. Car, com.	.	...	..	...	...	...	...	23	7½
Ott. Mtl. Po. c. (no par)	.	...	20	20	20	20	106	20	18
Do. pref. (par $50)	7	7.21	48½	48½	48½	48½	20	48½	48
Ottawa Riv. Pr. (no par)	.	...	26	26	26	26	96	26	25
Paton Mfg., com. (no par)	.	...	..	...	...	...	...	56	50
Do. pref.	.	...	99	99	99	99	50	100	75
Power Corp. c. (no par)	.	...	28¾	28½	28¾	28½	300	29¼	22
Do. pref.	6	6.25	97	96	96	96	150	96	92
Port Alfred, pref.	7	7.29	..	...	...	...	...	96	96
Que. South. Pr. (no par)	.	...	28½	28½	28½	25	8	28½	25
St. Maur. Power	.	...	96½	96	96	96	55	101	72½
St. Maur. Valley, com.	.	...	50½	50	50	50	560	65	40
Do. pref.	7	7.47	96	95⅝	96	95½	90	96	95
Simpson, Robt., pref.	6	6.03	..	...	...	...	...	102	99
Sovereign Secs. (par $5)	.	...	..	...	...	...	...	210	150
St. Law. Pap., c. (no par)	.	...	50½	50	50	50	30	60½	35
Do. pref.	8	7.44	107	107	107	107½	5	109½	103¾
Toronto Dairy	.	...	90½	90½	90½	...	50	90½	90½
Toronto R.S.	.	...	..	...	...	...	...	195	110
United Secs., com.	.	...	50	50	50	50	328	65	50
Do. pref.	6	5.71	105	104½	105	104⅛	53	106	102
Volcanic Oil	63c	...	..	...	...	...	...	39	26
Venezuelan Pete (par $5)	.	...	6⅞	6¾	6¾	7¼	350	7¼	6¾

MINING STOCK QUOTATIONS

Week Ending February 1

	Par Val., $	Div. Rate	Yield	High for wk.	Low for wk.	Close Feb. 1	Sales for wk.	Range, 1925 High	Range, 1925 Low	Range, 1926-7 High	Range, 1926-7 Low
Aconda	.	...	...	31	28½	28½	7900	..	..	45	28½
Amulet	1	...	...	1.67	1.50	1.67	71030	1.50	.85	2.98	.90
Algonquin	1	...	...	2⅞	2¾	2¾	2500	3	1	6¼	1¼
Apex	1	...	...	2¼	2	2¼	5500	3¾	2	6	2
Area	1	...	...	61½	48¼	59¾	248090	..	..	1.95	.21
Argo. Con.	1	...	...	45	40	42	183993	48	11	67	18½
Atlas	1	...	...	2⅞	2¾	2¾	16500	5¼	¼	5	1⅝
Abana	1	...	...	23	23	23	1000	..	..	25	20
Amos	.	...	...	46	44	45	33000	..	..	56	40
Baldwin	1	...	...	3⅛	2½	2⅞	55750	7	1⅞	6⅞	1
Barry Holl.	1	...	...	.90	.83½	.85½	114000	.50	.18	1.00	.22
Beaver	1	...	...	71½	65	68	27350	57	25	99	51
Bellellen L.	1	...	...	23	18½	22	40500	..	..	23½	17
Bidgood	1	...	...	6½	6	6½	5000	16¼	4¼	9⅝	4½
Bourlamaque	1	...	...	1.51	1.48	1.50	43300	..	..	1.51	1.02
Buckingham	1	...	...	8¼	7½	8	37500	5¾	2⅛	9½	2
Boischatel	.	...	...	22¼	19½	22	139000	..	..	27	19½
Bard	.	...	...	55	50	54	9400	..	..	55	50
Can. Lorrain	1	...	...	72	58	65	100600	80	22	93	51
Capitol S.	1	...	...	33½	27½	32	76750	38	24	48½	24
Castle Tre.	1	...	...	1.27	1.03	1.22	175450	1.60	.71	1.85	.91
Chaput H.	1	...	...	5½	4⅝	5½	19000	10	4	22	3⅛
Clifton	1	...	...	2	2	2	2000	26	2	6½	1
Coniagas	5	...	...	4.15	4.00	4.00	1425	5.00	1.25	4.80	3.00
Coniaurum	5	...	...	....	..	..	...	4.00	1.00	4.45	3.00
Col. Kirk.	1	...	...	2½	2¼	2½	30500	10½	2	25	2
Cons. Smelter	25	10	4.00	258	242½	250	5769	183½	48½	265	177½
C. W. Dome	1	...	...	17½	14¼	17¼	60600	25	10½	29½	13¾
Crown Res.	1	...	...	10	8½	10	25040	55	15	25¼	8
Corona	1	...	...	27	22½	24	166450	..	..	37½	20
Capital R.	.	...	...	22½	18	18	27000	..	..	54½	18
Destor	.	...	...	42	41½	42	6700	..	..	42	40
Davidson	1	...	...	....	..	..	...	5	1¼	3	1½
Dome Mines	None	2.00	21.50	9.85	9.25	9.30	6430	18.00	12.90	20.00	8.00
Don Rouyn	1	...	...	43½	40	41½	72600	..	..	61	25
Duprey	.	...	...	10	10	10	1000	..	..	10	10
Duprat	1	...	...	25½	22	24	185500	..	..	35½	10
Fiske	.	...	...	....	..	..	...	..	..	15½	12
Everett	1	...	...	5½	4	5¼	18500	10	4	12¼	3¾
Goldale	1	...	...	26½	25½	25¾	24800	37	14¾	43	24
Gold Hill	1	...	...	46	43½	44	27150	..	..	73½	25
Gold Reef.	1	...	...	....	..	..	...	2½	1	5	1
Grover Daly	.	...	...	25	20	22¾	124700	..	..	37	20
Hill Top	1	...	...	20½	19½	20	2900	..	..	31¾	18
Hollinger	5	26	5.80	22.65	20.15	22.40	17264	17.50	13.30	22.65	16.65
Howey G.	.	...	...	51	49	50	26875	..	..	53	49
Indian	1	...	...	5½	4	5½	2500	17¾	3½	14½	3¾
Int. Nickel c.	None	2.00	4.88	41½	39½	41	8725	48⅝	24¼	46	33
Jay Copper	.	...	...	1.14	1.08	1.13	23100	..	..	1.15	.73
Keeley	1	24	14.81	1.65	1.50	1.62	49770	2.32	1.40	1.91	1.39
Keora Mines	1	...	...	13½	7¼	13½	46075	15⅞	8½	22	7
Kirk. Hunt.	1	...	...	29	25	26½	106850	..	..	35	8½
Kirk. Lake	1	...	...	.98	.85	.94	146750	.92½	.33	1.44	.69
Lake Shore	1	40	2.16	18.50	17.50	18.50	21550	10.00	4.51	19.00	9.60
Lakeside	1	...	...	5¼	4¼	5¼	85200	15¾	2½	10	1⅛
Laval	1	...	...	37½	34	36¾	283300	..	..	55	21
La Rose	1	...	...	10	9	10	800	53	7½	39	4
Lorrain	1	...	...	2½	2	2⅝	24500	24	7	15	2
Lorrain T. L.	1	...	...	....	..	..	...	1.34	.85	1.10	.30
Marclay	1	...	...	39	37½	38¾	19900	..	..	39	30
Macassa	1	...	...	36	30	30	17300	..	..	43	25
McKinley	1	...	...	14	12¼	13	16500	42½	14½	26	8½
McIntyre	5	20	3.87	26.00	25.05	25.75	8306	22.70	16.00	29.75	22.70
Millcrest	1	...	...	5	4¾	5	1100	..	..	21	3½
Mining Corp.	5	12½	...	3.45	3.20	3.40	18010	3.40	2.35	4.45	2.60
Moneta.	1	...	...	14	12½	12½	6000	18¼	12½	18	11
Montreal Rouyn	1	...	...	25	25	25	2000	..	..	60	13
Noranda	None	...	...	22.25	19.95	21.75	52715	15.50	9.10	24.25	12.00
Newray	1	...	...	33	30	30¾	1300	44	17	45	30
Night Hawk	1	...	...	5¼	4½	5	47000	49½	6	17	3¾
Nipissing	5	12	6.09	10.00	9.50	9.85	28615	6.80	4.60	10.25	5.00
Ophir	1	...	...	2	1¾	1⅞	12000	7⅞	3	4¼	1
N. Amer. Lead	.	...	...	1.91	1.79	1.90	19270	..	..	1.91	1.50
Peterson	.	...	...	17	11	11	9500	10¼	1¾	17	11
P. L. Cobalt	1	...	...	18	10¾	13	35750	..	..	32	9¾
Porc Crown	1	...	...	10	8¾	9	102000	8	2	12	4
Pioneer	1	...	...	1.15	1.08	1.10	29700	..	..	1.22	.66
Premier Gold	1	32	16.66	1.92	1.87	1.92	10150	2.58	2.19	2.75	1.83
Preston	1	...	...	5	4¾	5	13000	12	6½	9⅞	4
Osisko	.	...	...	1.00	.90	1.00	6950	..	..	1.94	.90
Rouyn	.	...	...	4⅝	3½	3½	27000	10	3	9	1⅞
Rouyn, Que.	.	...	...	3¾	3	3¼	17100	..	..	4½	1¾
Sylvanite	1	...	...	3.25	3.25	3.25	400	..	..	3.25	2.60
South Keora	1	...	...	45	42	45	58050	26	20	45	5
Stadacona	1	...	...	53½	49⅞	51	71475	..	..	55	40
Teck Hughes	1	10	1.60	6.30	5.60	6.25	136992	3.00	1.23	6.80	2.64
Timiskaming	1	...	...	....	..	..	...	30	11½	15¼	5½
Thomp. Krist	1	...	...	....	..	..	...	3	1	3½	1
Tough Oakes	1	...	...	60	58	60	66000	61	25	65½	36
Towagamac	1	...	...	4.60	4.20	4.49	5645	..	..	6.10	3.15
Do., Rts.	.	...	...	18	15	16	6340	..	..	19	15
Vic. Silver	1	...	...	7½	6	7	154850	31	5	9⅛	3⅛
Vickers	1	...	...	1.32	1.30	1.30	24850	.20½	.3	1.32	.13
Vipond	1	3	1.80	1.72	1.63	1.66	73512	1.61	1.01	2.03	1.49
Siscoe	.	...	...	18	18	18	1000	..	..	18	12
Wakenda	1	...	...	3	2¾	2¾	3200	3½	1	3	1
Wasapika	1	...	...	2	2	2	3500	3⅝	1	4	1
West Tree	1	...	...	3¼	3	3	5000	5	2	4	2
Wettlaufer	1	...	...	....	..	..	...	17	3½	10	2
Wright Har.	1	37½	3.84	9.80	9.50	9.80	15345	7.95	4.15	10.05	7.75
Waite Mont.	.	...	...	840	840	840	2	..	..	875	840

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Ask us for basic facts of any security.
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BALANCE SHEET OF THE TORONTO MORTGAGE COMPANY

For the Year Ending 31st December, 1926

ASSETS

Office Premises in Toronto Street, unencumbered		$45,000.00
Real Estate held for sale		None
Mortgages at face value, less provision for possible depreciation—		
Principal	$2,334,214.39	
Interest due	2,326.23	
		2,336,540.62
Loans on Stocks and Bonds		3,500.00
Securities of the Dominion of Canada and its Provinces	445,131.62	
Securities guaranteed by the Dominion of Canada or by its Provinces	89,593.78	
Debentures of Canadian Municipalities	399,897.39	
Other Bonds and Debentures	65,693.28	
		1,000,316.07
Stocks fully paid up		92,200.00
Cash in Chartered Banks		66,167.54
Cash in Office		3,844 73
Total		$3,547,568.96

LIABILITIES

To the Public			
Debentures, Sterling		$1,525,219.98	
Accrued Interest thereon		12,884.39	
Debentures, Currency		284,867.65	
Accrued Interest thereon		5,375.77	
Deposits, Savings Accounts		91,134.76	
Reserved for accrued Income Taxes		10,465.17	
			$1,929,948.22
To the Shareholders			
Capital Stock subscribed	$724,550.00		
Capital Stock, fully paid		724,550.00	
Reserve Fund		800,000.00	
Unclaimed Dividends		79.25	
Dividend and Bonus, declared and unpaid, due 1st Jan., 1927		25,359.25	
Profit and Loss Account, Balance carried forward		67,632.24	
			1,617,620.74
Total			$3,547,568.96

PROFIT AND LOSS ACCOUNT

DR.	
Interest on Sterling Debentures, paid and accrued	$78,882.30
Interest on Currency Debentures, paid and accrued	13,934.88
Interest on Deposits	2,890.24
Charges on Moneys borrowed and lent	7,081.78
Cost of Management, viz:—Salaries, Directors' and Auditors' fees, office rent, etc.	26,931.86
Dominion, Provincial and Municipal Taxes	3,630.03
Dividends on Capital Stock at 10 per cent.	72,455.00
Bonus for the year of 1 per cent.	7,245.50
Balance carried forward	67,632.24
Total	$285,683.83
CR.	
Balance brought forward	$34,886.81
Interest on Investments and net rental from Office Premises	240,529.91
Profit on Sale of Securities	10,267.11
Total	$285,683.83

W. GILLESPIE, Manager. THOS. H. WOOD, President.

We have audited the Books and Accounts of the Toronto Mortgage Company for the year ending 31st December, 1926, and have verified the cash, bank balances, and Securities of the Company. After due consideration, we have formed an independent opinion as to the position of the Company. In our opinion, so formed, and according to the best of our information and the explanations given to us, we certify that, with the reservations provided, the above statements set forth fairly and truly the state of the affairs of the Company and are in accordance with its books. All transactions of the Company that have come within our notice have been within the powers of the Company.

E. R. C. CLARKSON, F.C.A. A. J. HARDY, Auditors.

Toronto, 12th January, 1927.

A. J. Pattison, Jr. & Co.
MEMBERS
Toronto Stock Exchange
Montreal Stock Exchange
Montreal Curb Market
Specialists Unlisted Bonds and Stocks
219 Bay Street, (Ground Floor) Toronto
Elgin: 5101-5102-5103
5104-5105-5106

THE STANDARD TRUSTS COMPANY
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INVITES the patronage of Western people as well as that of Eastern people having interests in the West requiring attention.

Nearly a quarter of a century in business, it was the first Trust Company to operate west of the Great Lakes, having its head offices there, and, with a Directorate of leading business men, well versed in Western affairs, it is capable of giving unquestionably good advice to all clients and patrons on matters fiduciary.

It is especially equipped to handle executorships, administrations, and trusts of all kinds, investments, rentals and other collections.

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CANADIAN INDUSTRIAL DEVELOPMENT

Realizing the growing importance of Canada's resources of industrial raw materials and minerals to supply the present needs of manufacturers and to form the basis of new industries the Canadian Pacific Railway maintains an organization to assist manufacturers and shippers and to further industrial development along its lines.

Through this organization you can obtain full and reliable information as to Canada's resources and the raw materials which you require for the manufacture of your products.

Information and assistance also given to those seeking location for their business or plants or looking for extensions of existing industries. Under this latter heading data can be supplied on industrial sites, empty warehouses, manufacturing and labour and other conditions.

Apply to

INDUSTRIAL DEPARTMENT
Canadian Pacific Railway
D. A. Wanklyn, Montreal
A. E. Tigh, Toronto
J. F. Sweeting, Winnipeg.

DEVELOPMENT BRANCH
Canadian Pacific Railway,
G. G. Ommanney, Montreal.
H. B. Lumsden, Winnipeg.

Keefer Building
MONTREAL
6½% First (Closed) Mortgage Bonds. Due June 1st, 1943.

This issue is a first mortgage on the well-known Keefer Building at the corner of Mackay and St. Catherine Streets, Montreal.

The building has been in operation for about three years and is approximately 90% occupied. The Company is earning a substantial surplus over all operating expenses, interest and Sinking Fund charges. These bonds are a seasoned security yielding 6.40%.

PRICE: 101 and accrued interest yielding about 6.40%

Write for further particulars and special circular.

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217 Bay Street Toronto

CANADA PERMANENT MORTGAGE CORPORATION

Continues To Expand

Profits at highest level in history of the Corporation

Substantial increases in Deposits and in Debentures payable in Canada are conspicuous features.

Total Assets Now Amount to $50,613,510.16

The Annual General Meeting of Shareholders was held Thursday, January 27th, at the Head Office, Toronto.

The Meeting, which was well attended, was addressed by the President, Mr. W. G. Gooderham, the Vice-President, Mr. E. R. C. Clarkson, and the General Manager, Mr. George H. Smith.

PRESIDENT'S ADDRESS

The Report and Financial Statement which we have had the privilege of submitting to you have been very gratifying to your Directors. We feel confident they have afforded the Shareholders an equal measure of satisfaction.

There has again been an increase in the Net Profits, which are the largest in the history of the Corporation. These profits are net in the most far-reaching sense of the term. As stated in the Report, they are not only after making all deductions for interest on borrowed capital, all expenses (in which are included commissions and other charges on money borrowed and loaned, notwithstanding the contracts in both cases extend over several future years), after payment of the very heavy taxation to which the business continues to be subjected, and after deducting all actual losses: but also after making provision for possible losses and contingencies. Our experience over a long period justifies our confidence that this latter provision will prove to be more than ample.

You will have noticed that our Assets are now well in excess of fifty millions of dollars. It is just four years since we submitted a statement showing that for the first time the Assets of the Corporation exceeded forty millions. We at once set ourselves the objective of fifty millions, scarcely expecting it to be reached in so comparatively short a period. In the past five years our Assets have increased by eleven and a half million dollars, or about thirty per cent. This has been attained entirely through the ordinary activities of our organization, as in those five years we did not absorb nor purchase the business and assets of any other company.

The combined Assets of the Corporation and of The Canada Permanent Trust Company now amount to $62,725,995, an increase in five years of more than nineteen and a half millions, or about forty-six per cent.

We believe you will agree with us that these figures afford evidence of satisfactory progress, in which the Shareholders, as well as the Directors and Management, may not unreasonably take some pride.

I think there are many who do not realize the progress our Dominion has been making during those same five years. Business has been re-establishing itself so gradually, though steadily, and the process of readjustment has been so free from features of a spectacular kind, that the steady progress being made has frequently been unnoticed. It may be profitable, as well as interesting, to indicate in a comparative way some of the evidences of that progress.

The total trade of Canada in 1921 was a little more than $1,600,000,000, about equally divided between Imports and Exports. In 1926 the total was nearly $2,300,000,000, an increase of about forty-four per cent. The excess of Exports over Imports in 1921 was so small as to be negligible, only about three million dollars. In 1926 it exceeded two hundred and seventy-five millions. We do not yet know what was the total value of our agricultural products in 1926. In 1925 it exceeded $1,700,000,000. In 1921 it was less than $1,400,000,000. Our exports of grain in 1926 were more than $430,000,000, an increase of seventy-two per cent. over those of 1921. In the development of our natural resources very wonderful progress has been made. Our mineral production has increased from $172,000,000 to $242,000,000. Exports of pulpwood, pulp and paper have increased about forty per cent. and now make a large contribution to Canada's favourable trade balance. Production of newsprint has doubled in this five year period. The development of electric energy through the utilization of Canada's enormous water-power resources has continued at an extraordinary rate each year and officials of the government assure us that as yet less than fifteen per cent. of the ascertained available supply has been brought into use. Incidentally it may be stated that the energy developed from Canada's water-power is by a long way the cheapest in the world.

Many other indications might be given of the progress our country has been making, but those mentioned will suffice. On the other hand, the picture lacks some features we should like to see in it. The population has not been increasing as rapidly as is desirable. We should very much like to see more immigration from the Motherland, of the good British stock from which the pioneers of Upper Canada and the Western Provinces were chiefly drawn. While welcoming the capital which has come in large volumes from the United States in recent years, we shall be glad when Great Britain can resume its former position as the chief source of supply of the capital needed for the development of our young country, or at least share more fully in meeting those requirements.

Of the Government, Municipal and Corporation Bonds sold in 1926, Great Britain took only $10,180,000, while $287,361,757 were sold in the United States and $269,799,439 found purchasers in Canada. Until 1913 the United Kingdom was the greatest investor in Canadian securities, holding four times the volume held in the United States. To-day the investments of the United States are twenty-five per cent. greater than those of the United Kingdom. The Old Land is passing through a very trying and difficult period of readjustment and of recuperation from wounds much more severe than those we suffered. The war did not bring her immense profits as it did to the United States, yet with a fine British sense of obligation she has, in addition to the heavy burdens she is bearing at home, obligated herself to pay upwards of £35,000,000 annually for more than sixty years to her wealthy creditor, while her own large loans to other of her late Allies remain unsettled. How long the period of Britain's recovery may be cannot now be stated. Many causes of depression had been dissipated by the end of 1925 and the outlook at the beginning of 1926 was fairly bright. Then came the protracted coal strike, with which business was overcast for seven months, and the brief general strike. The latter was a revolutionary movement and its early failure is conclusive proof of the comforting fact that Britain remains solid and sane. While the year has been a disastrous one for British trade, London's position as a financial centre has not been affected. Sterling exchange has been maintained practically at a parity throughout the year, without having to utilize the credits established in 1925 when returning to the Gold Standard. At the moment we believe we may be reasonably optimistic that at last Britain is to enter upon a more prosperous era of trade, in which, while the improvement will be slow, it should this time be almost certain. We may take it for granted that John Bull will "see it through."

I shall later have the privilege of presenting a motion for the adoption of the Directors' Report, but before doing so I am sure you will be glad to hear from the General Manager, who will more fully discuss existing business conditions and the affairs of the Corporation.

GENERAL MANAGER'S ADDRESS

It has come to be generally recognized that Canada has entered upon a new period of prosperity. At our Annual Meetings for the past two or three years we ventured to direct attention to what appeared to be clear indications that this prosperity was on its way. The revival, at first somewhat hesitating, has gained strength slowly and gradually, and perhaps it is not surprising that by many it was unobserved. If it continues to make progress in the same orderly manner as it has proceeded thus far, and without undue attempt at acceleration, it will probably continue for a considerable period and it may very well prove to be the era of the greatest prosperity we have as yet experienced.

The weary days of "watchful waiting" for the outcome of the 1926 crops are now behind us. With weather conditions throughout the threshing season even worse than those of the previous year, the Autumn of 1926 has passed into history as the period of the greatest anxiety our farmers have yet experienced. They are entitled to the greatest possible credit for the manner in which they met a most difficult situation. The outcome has been a yield of wheat estimated at about six million bushels less than the splendid crop of 1925 and, while much of it is of low grade, prices have been well maintained and its value is estimated at only sixteen and a half million dollars less than that of the previous year. The estimated total value of all field crops is again in excess of eleven hundred millions of dollars. We have had the unusual experience of three very profitable crops in succession, the total value of all field crops for the past three years having aggregated more than $3,200,000,000.

Although the purchasing power of Great Britain, our best customer for agricultural, animal and dairy products, was very seriously affected, especially in the latter half of the year, by the severe disturbance of trade, to which the President referred, our exports of agricultural and vegetable products increased by about one hundred million dollars. The reduced purchasing power of the British people was particularly felt in a large falling off in the number and value of our exports of cattle, in meats of various kinds, and in the principal dairy products.

The aggregate of our exports for the calendar year only slightly exceeded those for 1925. On the other hand, our imports increased more than $100,000,000, resulting in a considerable reduction in our favourable balance of trade, notwithstanding which the latter amounted to the very respectable sum of more than two hundred and seventy-five million dollars. Among imports which were considerably greater than in the previous year are iron and rolling mill products, crude petroleum, rubber and silk, some of which are raw materials for Canadian manufacturers. A large increase in the latter part of the year in the volume of raw cotton imported may possibly be an indication of coming activity in the textile industry.

In this connection it is significant that while in 1914 raw materials constituted 21.8 per cent. of our total imports, in 1924 they had increased to 28.4 per cent. In the same period manufactured imports fell from 68.9 per cent. to 60.4 per cent. In the same decade there was a reduction of from 63.2 per cent. to 43.4 per cent. in our exports of raw materials, and an increase of from 26.7 per cent. to 39.8 per cent. in our exports which were fully manufactured.

Our total trade in 1926 amounted to nearly $2,300,000,000, which is at the rate of about $250 per capita, much the largest of any country in the world. The aggregate volume is exceeded by only four countries, viz.: the United Kingdom, United States, France and Germany. In aggregate volume the export trade of Canada is sixth among the nations of the world, in proportionate gain since 1913, it leads the world by a very wide margin, while its per capita ratio has moved from seventh place in 1913 to second place.

Canada has fully established her position as second only to the United States in volume of wheat grown and as by far the largest exporter of wheat; shipping to practically every country of the world, approximately as much as the combined exports of the United States, Argentina and Australia.

Among other commodities of which we export largely are pulp and paper, now our largest industry, and continuing to expand rapidly; during the whole of 1926 our production of newsprint having exceeded that of the United States; flour, our second largest industry, in which exports are about on a parity with those of the United States and, in fact, exceeded them during the twelve months period ending 31st July, 1926; fish, minerals, etc. While the United Kingdom and the United States are our principal customers, taking respectively about 37 and 36 per cent. of our exports, we sent $97,000,000 worth of our products to other parts of the Empire last year, and to other foreign countries $253,000,000, an increase of about 22 per cent. over 1925. Among the latter the largest importers of Canadian products are Japan, the Netherlands, Germany, China, France and Belgium. We are, however, exporting to one hundred and ten different countries, as against sixty-nine in 1910.

Canada's mineral production again increased and had a value of $242,866,000, the largest in our history, and exceeding the record year of 1920, when many minerals sold at greatly inflated values. During the year an additional 266,000 horsepower were added to the hydro-electric development of the Dominion, representing a direct investment of at least $25,000,000. While this was not equal to the record installation completed in 1925, there are uncompleted projects actually under way which, when completed, will add 1,700,000 horsepower to the present total development. Employment was in greater volume than in any other year since 1920, there having been almost uninterrupted expansion from early in January till October. The decided improvement in industrial production which was noticeable in the last quarter of 1925 was well maintained during 1926.

Diversified farming in the Western provinces made a further advance in 1926. Dairy production increased considerably, particularly in Manitoba, where about thirteen per cent. more creamery butter was produced than in the previous year, and about seventeen per cent. more cheese. Very fair increases also took place in the quantity of butter manufactured in Alberta and Saskatchewan. The cash returns from poultry were about thirty per cent. in excess of 1925. Good increases took place in the live stock population of the three provinces, and there is little doubt that there would have been larger returns from dairying but for the falling off in the export demand. Saskatchewan is somewhat proud of the fact that 273 prizes for live stock were awarded to live stock owners in that province at the exhibitions in Eastern Canada and the International at Chicago. In one branch of the live stock industry Saskatchewan is pre-eminent, as it is by far the leading horse owning and horse breeding province of the Dominion. Sheep growing is evidently being taken up to a greater extent, there being a larger increase than usual in the number of sheep and very substantial increases in the wool clip, that in Alberta being fifty-five per cent. in excess of 1925.

It is worthy of note that the grand championships at the Chicago International Show for the best wheat and the best oats were won by Canada and by the same individual, Mr. Herman Trelle, of Wembley, in the Peace River District of Alberta, where, without previous farming experience and with practically no capital, he filed on a homestead only six years ago. Canada has had the award for the best wheat grown in North America fourteen times out of the last sixteen years, and has also previously won the championship for the best oats, but this is the first occasion upon which both awards have been obtained by the same exhibitor.

The year 1926 has been one of considerable expansion in British Columbia. Lumbering, the leading industry of the province, was quite active with an increase of about ten per cent. in the cut of timber, but at prices affording a very narrow margin of profit. The cut is estimated at 3,000,000,000 feet and the value of the production at $85,000,000, as compared with $82,000,000 in 1925, notwithstanding an approximate reduction of five per cent. in lumber prices. As elsewhere, the pulp and paper industry continues to make rapid strides. The fishing industry had a very satisfactory year, the salmon pack of approximately 1,900,000 cases being 200,000 in excess of 1925, which was a record up to that time. Mining has also been prosperous with an increase of about $6,000,000 in the value of minerals produced, and an increased investment of about $25,000,000. There was a very active construction season, with building permits several millions in excess of 1925. There is also an increase of about $4,000,000 in the production of agriculture which has, generally speaking, had a favourable year.

In the central provinces of Ontario and Quebec farmers' crops were adversely affected by a long-continued period of wet weather. Notwithstanding the reduced export demand, prices obtained for cattle averaged about equal to those which prevailed in 1925. Hogs commanded considerably better prices for the greater portion of the year, with a tendency to lower quotations in later months. The large volume of dairy production of recent years was maintained, but owing to reduced demand from Britain the quantity remaining in storage is considerably greater than a year ago. Most of the industries were quite active, with an increased volume of building and other construction.

In some classes of building present immediate requirements appear to have been exceeded. There is not, however, any boom and no probability that one may develop in the near future, though it may be advisable to carefully observe to what extent the activities of speculative builders are controlled by discretion and sound business sense.

In the Maritime Provinces, while it has not been very noticeable, there has been some slight improvement in conditions generally and there exists a more optimistic feeling than for some time. This is, to a considerable extent, due to expectations of benefits to be derived from the adoption of the recommendations of the Duncan Commission. As to how far these expectations may be realized, one would not like to be too positive, but anything our Dominion and the other provinces can reasonably do to remove the grievance of our partners down-by-the-sea, and to assist in bringing into line provinces which have lagged behind the others in the march of Canadian progress, should not be delayed. We can say this much, while recognizing that they have themselves "left undone many things they ought to have done." The main increase in industrial activity and production has been in the mining of seventy per cent. more coal than in 1925, with consequent improvement in other industries dependent thereon. There has been a gratifying increase in the fisheries of Nova Scotia, with a small decrease in New Brunswick and Prince Edward Island. There was again considerable ship building for the fisheries service. Agriculture in the Maritime Provinces is not nearly as important an industry as it should be, considerable quantities of food products having to be imported into both Nova Scotia and New Brunswick every year. The agricultural production of 1926 was, however, somewhat in excess of 1925, notwithstanding the fact that the apple crop of Nova Scotia, which is an important factor in the exports of the province, was again below the average. Our two important winter ports, Halifax and Saint John, have again been taxed to their capacity, affording evidence of the need for immediate enlargement and improvement in their facilities.

The general situation may be briefly summed up by repeating the faith to which we have given expression on previous occasions. With immense areas of the most fertile soil; proven to be such by consistently, year after year, producing greater yields than have been obtained anywhere else, of grains demonstrated to be of a superior quality, and with these lands obtainable at prices much lower than are required for the purchase of poorer lands in other countries; with Canada's immense natural resources—of forest, as to which some settled policy of conservation may be necessary; of minerals, the surface of which has only yet been scratched; of practically unlimited reserves of water power;—there can be no doubt that the interrupted flow of immigration, upon which we fix our hopes for the necessary increase of population, must inevitably be resumed. When this takes place we may feel reasonably confident of a long continuance of sound expansion.

Coming now to a consideration of the Corporation's affairs and of the Statement submitted, we are naturally gratified by a further increase in the

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CANADA PERMANENT MORTGAGE CORPORATION

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting to the Shareholders the Annual Statement of the affairs of the Corporation for the year 1926, together with Balance Sheet and Certificate of the Auditors.

The balance at the credit of Profit and Loss at the beginning of the year was	$ 94,804.43
The net profits for the year, after deducting interest on borrowed capital, expenses of management and all charges and losses, after payment of Dominion and Provincial Taxes, which amounted to $110,468.51, and after making provision for possible losses and contingencies, were	967,724.79
Making available for distribution	$1,062,529.22

This sum has been appropriated as follows:—

Four quarterly dividends of Three per cent. each on the paid-up Capital Stock	$ 840,000.00
Balance carried forward at credit of Profit and Loss	222,529.22
	$1,062,529.22

All which is respectfully submitted.

W. G. GOODERHAM,
President.

Toronto, January 12th, 1927.

FINANCIAL STATEMENT

31st December, 1926

ASSETS

Office Premises: Toronto, Winnipeg, Vancouver, Saint John, Edmonton, Regina, Woodstock (Ontario), Halifax		$ 812,874.13	
Real Estate held for sale		770,274.72	
Mortgages on Real Estate:—Principal	$42,134,695.91		
Interest	815,851.47		
		42,950,547.38	
Loans on Bonds, Stocks, etc:—Loans on Corporation's Stock		5,689.52	
Loans on other securities		85,674.89	
Bonds of Dominion of Canada and Provinces of Canada		1,200,698.28	
Bonds guaranteed by Dominion of Canada and Provinces of Canada		833,327.89	
Bonds of City of Toronto		288,331.88	
Bonds guaranteed by City of Toronto		213,880.95	
Canadian Pacific Railway Company Collateral Trust Bonds		75,607.90	
Stocks — including $980,000 of The Canada Permanent Trust Company at par		1,515,705.48	
Cash in Chartered Banks and on Hand		1,860,897.14	
			$50,613,510.16

LIABILITIES

To the Public—		
Debenture Stock and accrued Interest (£174,816 2s. 5d.)	$ 850,771.80	
Debentures—Sterling—and accrued Interest (£2,809,445 9s. 6d.)	13,672,620.07	
Debentures—Currency—and accrued Interest	11,743,297.18	
Deposits and accrued Interest	9,398,689.89	
Sundry Accounts	15,602.00	
		$35,680,980.94
To the Shareholders—		
Capital Stock subscribed and fully paid	$ 7,000,000.00	
Reserve Fund	7,500,000.00	
Dividend payable 3rd January, 1927	210,000.00	
Balance carried forward at Credit of Profit and Loss	222,529.22	
		14,932,529.22
		$50,613,510.16

W. G. GOODERHAM, President
GEORGE H. SMITH, General Manager

AUDITORS' REPORT TO THE SHAREHOLDERS

We beg to report that we have audited the books of the Canada Permanent Mortgage Corporation for the year ending 31st December, 1926, and have verified the cash, bank balances and securities of the Corporation.

That we have examined the foregoing statement and that it agrees with the books of the Corporation.

That after due consideration we have formed an independent opinion as to the position of the Corporation.

That after our independent opinion was formed and according to the best of our information and the explanations given us, we certify that, in our opinion, the statement sets forth fairly and truly the state of the affairs of the Corporation.

That all transactions of the Corporation that have come within our notice have been within the powers of the Corporation.

A. E. OSLER, C.A.,
of Osler and Herington
HENRY BARBER, F.C.A.,
of Henry Barber, Mapp and Mapp
} Auditors.

Toronto, January 10th, 1927.

The following Directors were unanimously re-elected: W. G Gooderham, E. R. C. Clarkson, Col. Albert E. Gooderham, F. Gordon Osler, William Mulock, K.C.; George W. Allan, K.C., of Winnipeg; Archibald B. Campbell, W.S., of Edinburgh; William Stone George H. Smith and Norman Mackenzie, K.C., of Regina.

At a subsequent meeting of the Board of Directors, Mr. W. G. Gooderham was re-elected President, and Mr. E. R. C. Clarkson, Vice-President.

General Manager—GEORGE H. SMITH. Secretary—WALTER F. WATKINS.

Inspector of Branches—ROBERT HENDERSON
Manager, Ontario Branch—CHARLES S. ROBERTSON

Net Profits. This is a feature of our Annual Reports which our Shareholders appear to expect. I think, however, it may not be altogether justifiable to anticipate that we can continue, indefinitely and without intermission, to each year produce net profits exceeding those of the previous year, after making the precautionary provisions we have always made against contingencies necessarily attendant upon a business of such dimensions as ours and now extending to every province of the Dominion. We do not entertain the slightest doubt that we can continue to show quite satisfactory profits. We were able to do so throughout the years of severe depression from which happily we have now emerged. You are, however, aware that interest returns on all investments have been manifesting a distinct tendency downward, a trend which appears likely to continue for some time. While we are obtaining a considerable portion of our borrowed capital at reduced rates, and expect to effect further reductions in the interest we pay, it may quite possibly be found necessary to operate on a closer margin between the rate lending institutions like ours are compelled to disburse and the interest they receive; while unfortunately it is not always possible to effect corresponding economies in the expense of transacting business, especially as such a large portion of that expense is made up of the uncontrollable item of taxation. This necessity for accepting a lesser return can only be met by increasing the volume of loaning, to which we have energetically bent our efforts.

If you have compared the Statement with that of the previous year, you will have noticed an increase of four million dollars in our mortgage investments. This has necessitated some reduction in the aggregate of bonds owned, though you will observe we retain a substantial amount of these and that they are all of the highest grade. Our mortgage investments have been carefully selected, are well diversified as to localities and classes of security, and are mostly for moderate sums, the average being less than $2,500. The increase in our total Assets is a little more than two and one-quarter million dollars.

We regret to again have to record a reduction in the amount of our British debenture money. The British investor has become accustomed to, and is demanding, a better yield on securities than prevails either in the United States or Canada. The British war loan continues to sell on a five per cent. basis, and he can procure other securities which he considers safe, although perhaps not of the same gilt-edge character upon which he at one time insisted, to produce an even higher yield. Business conditions in the Old Land were very greatly depressed throughout the year, and had an adverse effect upon the amount of money available for investment. The amount of our debentures which matured was very heavy and, while we renewed a large proportion, the money received fell about £70,000 short of meeting the amount of maturing debentures of which payment was taken.

The reduction in British money was, as you will have seen, much more than made up by an increase of more than two and one-half million dollars in our deposits and debentures payable in Canada. Fortunately, under existing conditions, which differ greatly from those which prevailed when we first sought the British money market more than half a century ago, Canadian funds cost us somewhat less than those obtainable in Britain.

We had expected to be able to show a reduction in the amount charged against real estate for sale, but in this we have been disappointed. This is notwithstanding the fact that the aggregate of our sales during the year was the largest to-date. We have before stated frankly that, with our widely extended interests and large volume of business, we do not expect under our system of dealing with our accounts to see the item of real estate entirely eliminated. For a few years at all events it is likely to amount to a considerable sum, though one who makes an analysis of the Statement, keeping a sense of proportion, will realize that even the present figures are only about one and one-half per cent. of the Assets. We have always followed the practice of encouraging a mortgagor to retain his property and have assisted him in doing so by extending every possible leniency and indulgence. When, however, his financial salvation proved hopeless, which has been much more frequently the case in recent years as an outcome of the almost unanimity with which greatly increased liabilities were assumed during the years of inflation, it has also been our practice to courageously meet the situation and take the necessary legal steps to acquire title to our securities. When properties are acquired in this way they continue in our Assets as Real Estate till actual bona fide sales be made.

In connection with the sales made last year, there were, as usual, some transactions in which we were compelled to accept losses. In the aggregate, however, as has been our experience in the past, the sales were for a sum considerably in excess of our book values. All the losses sustained were written off out of the year's profits. In all cases in which we were not thoroughly satisfied with the amount of the cash payment received, the profits which were made have been held in reserve and have not been included in the earnings of the Corporation. A large proportion of the real estate is rented, but rentals received are also not taken into profits until after the properties have been sold on satisfactory terms.

The aggregate amount of mortgage interest received during the year again considerably exceeded the amount of interest charged. All our negotiable securities are of the very highest class and are carried in our books at a sum very much less than their market value. In addition to this, the stock of The Canada Permanent Trust Company, which is practically all owned by the Mortgage Corporation, is carried at par, although it has an asset value of 128, according to its Statement; and with respect to the latter we may say that, like the assets of the Mortgage Corporation, they are worth more than their book value.

As an indication of the liquidity of our investments, it may be worth while mentioning that receipts for mortgage interest and repayments of mortgage principal, receipts of interest only on bonds, stocks, etc., and similar items, aggregated more than $8,000,000, about a half million dollars greater than in 1925, and the largest receipts in our history.

With a clientele of nearly 50,000, consisting of Shareholders, Mortgagors, Debentureholders, and Depositors, and the various customers and clients of our Trust Company, we have business relationships with, and are endeavouring to the best of our ability to serve a very large number of people. Considering that the number is so great and that the element of human nature enters into every transaction, the relationships existing between them and us have been and are of the very pleasantest kind. We have endeavoured to the utmost of our ability to make them such, and to develop and extend our business on the basis of the best service it is possible to give. This is something in which it is difficult to attain, one hundred per cent. success, but every sincere effort will meet with at least a reasonable measure of the success it deserves.

I can assure you that we have had the assistance and co-operation of a very loyal and devoted staff of officials who have, to the best of their ability, endeavoured to promote the interests of the Corporation and to extend and enlarge its sphere of influence and service. On your behalf, as well as my own, I assure them of our appreciation of their efforts and offer them our thanks.

VICE-PRESIDENT'S ADDRESS

Again the Directors have the pleasure of meeting the Shareholders with a Report which must afford us all a very large measure of gratification.

We are happy to be able to present a Balance Sheet showing our investments exceeding fifty millions of dollars and in this fact, as well as in the rapid growth of these assets during the past few years, the Directors and General Manager may be pardoned for feeling no small measure of pride and satisfaction.

Canada is, this year, to celebrate its Diamond Jubilee. Sixty years is a long period in the history of so young a country. We do not, however, forget that at Confederation the "Canada Permanent" had already been actively transacting business for more than twelve years. In 1867 it had assets in excess of $1,600,000, and had made more than 4,500 loans. Who can estimate the great service the Company must have rendered in those early days in thus assisting this large number of people to acquire homes, which is one of the most important steps in the development of good citizenship.

We are glad that we shall have the privilege of again welcoming His Royal Highness, The Prince of Wales, to assist in the Jubilee Celebration, and hope also that it will be possible for the Premier of Great Britain, the Right Honourable Stanley Baldwin, to realize his expectation that he may accompany him. One who is giving so unsparingly of his great ability and sound business sense and wide experience, to the creation of a new feeling of amity and concord among the people of the Old Land, and to the restoration of national prosperity, may be assured of the heartiest welcome in any of the Empire's Dominions.

I shall not enter into any discussion of the affairs of the Corporation, which have been very fully dealt with in the remarks of the General Manager, further than to say that the business which has been submitted to us from week to week has afforded all the Directors the greatest possible satisfaction.

While the volume of immigration to Canada is yet far short of what we should like to see it, there was a fair measure of improvement in 1926, the total being rather more than sixty per cent. in excess of the previous year. The department also reports that more than 55,000 Canadians returned from the United States, declaring their intention to remain permanently in Canada.

The necessity for a reduction in taxation has been a subject of discussion at our previous meetings and the importance of the question has been emphasized in many other quarters. Some careful study should be given to the whole question with a sincere and determined purpose of removing as much as possible of this discriminating burden upon Canadian business. In his remarks at our Annual Meeting last year, our General Manager stated "Canada has three great needs, more or less interdependent, they are: more population, stability of governmental and fiscal regulations, and relief from the oppressive system of taxation, which discriminates against Canadian business." It is interesting to note that a few evenings ago, in Toronto, Mr. E. W. Beatty, the president of the Canadian Pacific Railway Company, made the following statement:—

"Our problems revolve around the necessity for more people, lower taxation, and definite fiscal policies, national in their purpose and their scope."

There can be no doubt that if we could reach a satisfactory solution of these three questions the revival of our Country's prosperity might be expected to continue indefinitely.

I have very much pleasure, Mr. President, in seconding your motion for the adoption of the Report of the Directors.

Canada Lags Behind All Other Nations in Growth of Commercial Aviation

Valuable Service Rendered in Mapping Timber Limits, Power Sites and Land, But Passenger Traffic Negligible—Government Subsidy Suggested

By ELLWOOD WILSON,
President, Fairchild Aerial Survey Company of Canada.

Aviation in Canada, both government and commercial, is probably as efficient as in any other country, but in amount and as a means of transporting passengers, mail and express is woefully behind the rest of the world, excepting South America.

Both government and commercial aviation in this country practically dates from 1919. The Dominion government, under the Air Board, has made great strides in finding uses for airplanes in the government service, and also in the development of new and special types of machines. Its activities now comprise the training of pilots and mechanics, the taking of air photographs for the different government services, and the detection and suppression of forest fires over the lands of the Dominion Forestry Branch in the Prairie Provinces and British Columbia, and the detection of smuggling on the Pacific coast.

Map Making Highly Developed

The Dominion Topographical Surveys Branch has developed the making of maps from air photographs to a very high state, and is now turning out excellent maps with a rapidity heretofore absolutely impossible, and at a reasonable cost.

Ontario has for several years had its own air service, as a part of its Department of Lands and Forests, and in mapping its timber resources.

The Province of Quebec has contracted with commercial companies for forest explorations and mapping, and has also done some work in fire detection. It has added tremendously to the knowledge of the Province's forest resources, and this work could never have been accomplished short of ten or fifteen years by ordinary methods.

Commercial aviation has developed slowly for two reasons—one because the field is new and the public must be educated. The second reason has been that both the Dominion and Ontario governments are doing large amounts of work which could be done by contract with commercial companies, thus considerably cutting down the field for the latter's operations.

In Europe, almost all governments have subsidized commercial companies, especially those engaged in transportation of passengers and mails. In the United States the government started and brought to a high state of efficiency a transcontinental air mail service and also the New York-Chicago air mail route, and after demonstrating that this work could be done practically, has let contracts for numerous other routes to commercial companies, giving them the benefit of its experience and helping to provide landing fields, beacons for night flying, and other aids. It has also, as a matter of policy, refused to do any flying which could be done by commercial concerns.

Development Slow

Commenced in 1919

The first use of aircraft for commercial purposes in this country was in 1919, by the St. Maurice Forest Protective Association, which with the help of the Department of Marine and Fisheries carried out experiments in the forest fire detection and fighting and air mapping. The next year this service was taken over by the Laurentide Paper Company, and operated by them in various kinds of forestry work until 1922, when they rented their equipment to the Laurentide Air Service, which, however, had no connection whatever with the paper company of the same name. This company contracted for two years with the Ontario government for its fire protection work and it also operated an irregular passenger service into the Rouyn mining district. The taking over of its own air work by the Ontario government forced the Laurentide Air Service out of business, but their operation did a great deal to forward the use of aircraft.

At present there are five companies operating in Canada: Canadian Airways Limited, doing general transportation business with six flying boats; Western Canada Air Lines Limited, operating one machine between Sioux Lookout and Red Lake; Compagnie Aerienne Franco-Canadienne, operating two flying boats on contract with the Quebec Government; Fairchild Aerial Surveys Company (of Canada), Limited, operating four machines in aerial photography and mapping, and carrying on a general transportation business; Patricia Airways Limited, operating one machine in the Red and Woman Lakes mining district.

Figures of operation for 1926 are not yet available, but during the year 1925, 255,826 miles were flown, with no accidents. The total number of fatal accidents from 1923 to 1925 was only three, a record of which any country might well be proud.

Airplane Proves of Service

The use of the airplane in mapping has been of tremendous service in rapidly providing accurate maps of new mining districts, and also of districts being opened up for industrial development. Much location of new lines of railway has been done by aerial photographs, and the water power companies have made extensive use of them in locating transmission lines and planning work at power sites. In addition, a large amount of forest inventory work has been carried out by sketching or photographing from aeroplanes. Considerable work has also been done in carrying passengers, but mostly in regions without railroad communication.

If the experience of any other country is of any use in prophesying the future of aviation in Canada, it is certain that this method of transportation will within the next few years be of great importance and will continue largely to the development of the whole country.

February Dividend Payments

Summary of Payments

Dividends	$ 4,876,122
Bond Interest	10,582,090
	$15,458,212

Company	Rate	Date	Amount
Amer. Salesbook, pref.	1¾q	1	$ 53,782
Arnold Bros., 1st pref.	1¾q	1	8,750
Do., 2nd pref.	2q	1	4,700
B.C. Pulp, pref.	x8¾q	1	48,667
Belding Corti. com.	3s	1	22,485
Canada Cement, pref.	1¾q	16	183,750
Can. Converters	1¾q	15	30,335
Canadian Oil, com.	1¼q	15	20,000
Brompton Pulp, pref.	1¾q	15	40,000
Cedar Rapids	¾q	16	66,750
Chase, A. W., pref	2q	10	16,000
Cosmo Imp., pref.	1¾q	15	26,250
Cosgrave Brewery	1¼q	15	12,500
Cockshutt Plow, pref.	4	8	258,600
Christie, Brown, com.	30c.q	1	23,567
Do., pref.	1¾q	1	15,424
Dominion Bridge	1q	15	65,000
Gosse Packing, pref.	1¾q	1	26,250
Hollinger Mines	2m	25	492,000
Humberstone Shoe, com.	50c.q	1	5,000
Do., pref.	2q	1	6,000
Inter. Utilities, pref.	1¾q	1	52,500
Imperial Bank	3q	1	210,000
Inter. Nickel, pref.	1½q	1	133,689
Inter. Paper, com.	50c.q	15	2,500
Lyall Construction, pref.	3½s	1	45,500
Loew's Buffalo, pref.	2q	1	26,720
Massey-Harris, pref.	1¾q	15	211,572
Montreal Power	2q	15	376,000
Montreal Power Cons.	50c.q	15	1,000,000
Montreal W. & Pr. c.	62½c.q	15	19,600
Do., pref.	1¾q	15	8,750
Mortgage Corp. of N.S.	1½	1	9,312
National Brick, pref.	1¾q	15	58,443
Ontario Steel, com.	1q	15	7,500
Do., pref.	1¾q	15	13,125
Penmans, com.	2q	15	43,012
Do., pref.	1½q	1	16,125
Russell Motor, com.	‡1¼	1	10,000
Do., pref.	1¾q	1	21,000
Standard Bank	3q	1	144,702
St. Lawr. Flour, pref.	1¾q	1	10,062
Steel of Canada, com.	1¾q	1	201,250
Do., pref.	1¾q	1	113,684
Sask. Mortgage	2½s	1	20,822
Teck Hughes	5c.	1	237,357
Western Trust	2s	1	20,100
Weyburn Sec. Bank	2½s	15	13,112
Wood, Alex. & James, pf.	1¾q	1	11,375
Wright-Hargreaves	2½+†12½	1	412,500
Total			$4,876,122

‡—Five months.
†—Bonus.
x—For 15 months.
q—Quarterly.
s—Half-yearly.
m—Monthly.

BOND INTEREST DUE IN FEBRUARY

Company	Rate	Int. Date	Due	Amount
Abitibi Pr. & Paper	6	1	1927-34	$79,395
Anticosti Corp.	6½	15	1941	195,000
Bloor St. Geo. Re'lty	7	15	1946	17,850
Canada Bread	6	1	1941	31,119
Canada Foundries	6	2	1942	6,717
Can. Steamships	5	15	1943	121,342
Can. Nat. Rlys.	5	1	1954	1,250,000
Famous Players	6½	1	1943	37,050
Holt Renfrew	6½	1	1937	18,443
Interlake Tissue	6	1	1935	9,120
Lyall Construc.	6	1	1932	16,302
Maple Leaf Mill	6½	1	1943	61,652
Mexican L. & Pr.	5	1	1940	283,512
Monterey Rly. "A"	5	1	1962	60,000
Do., "B"	5	1	1962	60,000
Mount. View Apts.	7	1	1946	10,500
National Grocers	6½	15	1932	65,000
Ottawa & Hull Pr.	6	1	1948	75,000
Price Bros.	6	1	1943	450,000
Rogers, Wm. A.	6	1	Serial	9,150
Suburb. Rap. Trans.	5	1	1938	12,500
St. Maur. Power	6½	1	1953	293,364
Walmsley, Chas.	6	1	1943	80,000
Wayagamack	6	1	1951	127,542
Corporation Bonds				$3,320,558
Municipal				x4,062,500
Provincial				x3,199,032
Total				$10,582,090

x—Figure is determined by dividing by 12 the estimated total interest payable during the year on these issues.

SCIENCE OF VALUE TO P.E.I. FISHERIES

Co-operation Being Received from Those Who Scoffed at Idea

Although science has aided tremendously in the development of the meat industry, of the production of dyes and various materials from the coal tar former by-product, the fisheries to-day stand in the unenviable position of being without such a history. Considerable progress has been made in this direction, however, by the Federal Department of Marine and Fisheries, and at a meeting of the Rotary Club at Charlottetown, H. E. Tanner, educationist of the Halifax Fisheries Station, spoke of what science was doing to aid the fishing industry of the Maritimes, more particularly Prince Edward Island.

In the course of his address, he said for years it has been seen that one of the great hindrances in the way of progress in the industry was the lack of the aid of science. To overcome this handicap, the Biological Board established an Experimental Station at Halifax for the express purpose of investigating questions concerning directly the welfare of the industry. Committees were formed on such matters as canning, freezing, etc., and on such committees were practical men. These committees suggested the problems which face the industry, or which the industry faces, and which they wish to be investigated.

Extensive investigations have been made in the smoking of fish, freezing of fish and in the drying of fish. When it is realized that the Station is less than two years old the record is a very satisfactory one, after most of the problems remain yet to be investigated.

One of the most encouraging features is the fact that those in the industry who formerly scoffed at the idea of science assisting them, are now eagerly seeking its assistance. Besides the experimental side, the growth of the Station has necessitated special attention being given to the educational side. This includes practical demostrations to fishermen, schools of instruction to hatchery officers and fisheries overseers, and instruction in conversation, canning, and a number of other lines of the work.

Considerable attention has been given in the past to the improvement of the lobster situation on the Island. The results have been very encouraging, but owing to changes in the markets and the demand for higher standards, also to new regulations in certain countries other changes must be made and the future will be attended to as soon as possible.

It is the aim of the Experimental Station as soon as conditions are satisfactory to undertake extensive educational work in connection with the oyster industry. The Director of the Station hopes to make he Fisheries Experimental Station of as much assistance to the fishing industry as the Agricultural Experimental Farms have been to agriculture.

The Royal Bank of Canada
Head Office, Montreal

Condensed Statement
to the Dominion Government
December 31, 1926

LIABILITIES

Capital Paid up	$ 24,400,000.00
Reserve Fund	24,400,000.00
Undivided Profits	1,460,674.55
Notes in Circulation	38,270,363.94
Deposits	596,072,627.04
Due to other Banks	22,484,061.63
Bills Payable (Acceptances by London Branch)	4,960,643.36
Letters of Credit outstanding	34,902,128.76
	$746,969,504.36

ASSETS

Cash on Hand and in Banks	$118,404,288.48
Deposit in the Central Gold Reserves	16,000,000.00
Government and Municipal Securities	89,853,338.85
Railway and other Bonds, Debentures and Stocks	17,563,806.06
Call Loans in Canada	31,716,526.84
Call Loans elsewhere than in Canada	60,404,856.53
	$333,943,436.75
Loans and Discounts	358,851,945.05
Liabilities of Customers under Letters of Credit as per contra	34,902,128.76
Bank Premises	14,482,225.91
Real Estate other than Bank Premises	2,102,191.51
Mortgages on Real Estate sold by the Bank	1,342,576.38
Deposit with Dominion Government for Security of Note Circulation	1,345,000.00
	$746,969,504.36

876 BRANCHES IN CANADA, NEWFOUNDLAND, WEST INDIES, CENTRAL and SOUTH AMERICA, also LONDON, NEW YORK and BARCELONA.
Auxiliary: THE ROYAL BANK OF CANADA (France)

Ontario Steel Products Has Poorer Second Quarter

From Our Own Correspondent.

MONTREAL.—On December 31, the Ontario Steel Products concluded the second quarter of its fiscal year. It is understood that earnings during the quarter were somewhat lower than those which prevailed during the corresponding period of 1925. However, the outlook is considered satisfactory for, since the beginning of the year, several substantial orders have been booked.

During the past two years, the demand for springs, which the company manufactures, has undergone a steady improvement due especially to the development of the automobile business.

In the past few months the management has been approached more than once by financial interests who desired to purchase the property, but as far as can be learned there is little chance of it changing hands. Over the past five years the financial position of Ontario Steel has steadily been improved. The balance sheets have always revealed very conservative and safe accounting methods which allow it to take every possible advantage of inproving business conditions. Over the past three years the business of the company has undergone a steady improvement which has more than been reflected in the increased earnings applicable to the shares.

There are 22,000 farmers in British Columbia and a total farm population of 90,000, according to the Hon. E. D. Barrow, minister of lands.

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MILLS AT PARIS, Ont. BRANTFORD, Ont. LONDON, Ont. WATERFORD, Ont.
ALMONTE, Ont. COATICOOK, Que. and
ST. HYACINTHE, Que.

General Office: Paris, Ont.

Selling Agents to Wholesale Trade:
JOHN GORDON & SON
Toronto and Montreal.

SELLING AGENTS TO RETAIL TRADE
Edward Burns Co., Ltd., Toronto, Ont.
R. S. MacFarlane, Montreal, Que.
John J. Wilson, St. John, N.B.
Bryce & Co., Ltd., Winnipeg & Vancouver.

FAR EASTERN REPRESENTATIVE
H. P. Surrey, Shanghai, China.

EXPORT REPRESENTATIVES
S. Elliott & Co., St. John's, Nfld.
H. W. Airey, Ltd., Auckland, N.Z.
L. C. Carrick, Cape Town, South Africa.
Hugh Scott-Young, Melbourne, Australia.
Liddell & Mitchell, Glasgow, Scotland.
Taylor & Shelmerdine, Manchester, England.
W. J. Cutcliffe, London, Eng.

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SECURITY

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Assets	6,184,420.00

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Annual Report — 1925-26

THE PROVINCIAL BANK OF CANADA

Capital Authorized	**$5,000,000.00**
Capital Paid Up and Surplus	**$5,776,000.00**

(As at November the 30th, 1926)

BOARD OF DIRECTORS

President: Honorable Sir Hormisdas LAPORTE, P.C., President "Laporte-Martin Limitee"; President "Societe d'Administration Generale"; Vice-President "Credit Foncier Franco-Canadien."

Vice-President: Mr. Tancrede BIENVENU, Director "Lake of the Woods Milling Co."; Director "Credit Foncier Franco-Canadien"; Local Trustee "Guardian Assurance Co., Ltd."

Vice-President: Mr. S. J. B. ROLLAND, President "Rolland Paper Co., Ltd."

Hon. Nemese GARNEAU, M.L.C., Quebec, "Les Prevoyants du Canada."

Mr. Emilien DAOUST, President "Librairie Beauchemin Limitee"; "Montreal Harbor Commissioner"; President "L'Ecole des Hautes Etudes Commerciales de Montreal."

Mr. Alphonse RACINE, President "Alphonse Racine Ltd." Wholesale Dry Goods, Montreal.

Mr. H. GERIN-LAJOIE, K.C., Legal firm, Kavanagh, Lajoie & Lacoste.

BOARD OF CONTROL FOR SAVINGS DEPARTMENT

President: Hon. N. PERODEAU, Lieutenant-Governor for the Province of Quebec.

Vice-President: Hon. E. L. PATENAUDE, P.C., Director "L'Alliance Nationale"; Administrator "Universite de Montreal."

Mr. Samuel CASAVANT, From "Casavant & Freres Ltee.," St. Hyacinthe.

Hon. Cyrille F. DELAGE, N.P., Superintendent of public Instruction Department for the Province of Quebec,—Quebec.

Mr. J. L. FORTIN, merchant, Three Rivers Harbor Commissioner,—Three Rivers.

Hon. Sir Hormisdas LAPORTE, P.C., President of the Bank, member ex-officio.

Mr. Tancrede BIENVENU, General Manager of the Bank, member ex-offico.

HEAD OFFICE

TANCREDE BIENVENU, General Manager
Chas. A. ROY, Asst. General Manager; L. F. PHILIE, Asst. Gen. Manager.
J. A. TURCOT, Secretary; J. E. ST-ANDRE, Acting Chief Inspector.

SHAREHOLDERS' AUDITORS

J. A. LARUE, C.A., L.I.C., Quebec; L. E. POTVIN, C.A., L.I.C., Montreal.

REPORT BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS AT THEIR GENERAL ANNUAL MEETING HELD ON THE 2ND OF FEBRUARY, 1927

Gentlemen,

We beg to submit for your approbation the General Statement and the Profit and Loss Account of your Bank for the year ended 30th November last, when the Books for the fiscal year were closed.

In spite of frequently difficult circumstances, the year 1926 was marked by new developments of the productive strength of the Country, notably in the pulp and paper industry which has received such wide encouragement chiefly from our neighbors of the United States.

Canada has also benefited by the abundance of its two recent harvests, followed by an increase in the demand from abroad for our products. The Government of the Country has happily become more stable; balancing of the budget more assured, which is certainly very encouraging. It is to be hoped that efforts actually being made to secure a permanent and desirable increase of population will succeed, and that we shall enjoy an era of calm and prosperity.

Conclusions equally encouraging result from a careful examination of the general situation in the different Provinces of Canada, more particularly in the four Provinces in which the Bank has branches. In each of these provinces there has been general improvement, and the better conditions in the West have been felt to the advantage of the Provinces of Quebec and Ontario.

In the Maritime Provinces, signs of progress are not wanting, and there also there is promise of a brighter future.

Notwithstanding the abundance of unproductive capital during certain parts of the year, and in spite of the continued decrease of rates of discount and of interest on loans, your Bank has been able during the past year to use its funds and other resources satisfactorily.

As you are aware, in the month of July last, a new capital issue of One Million Dollars ($1,000,000) was offered to the Shareholders of the Bank, and it is with pleasure we once more recognize the constantly growing confidence in which your Bank is held by its numerous Shareholders, for this issue of new stock was largely oversubscribed.

This subscription brings the paid-up capital of the Bank to the important sum of Four Million Dollars ($4,000 000) on the 30th November last at which date the subscribers had entirely completed their payments. The average capital of the Bank during the period under review was $3,378,672. Our paid-up capital of $4,000,000, divided amongst a considerable and increasing number of Shareholders (3,304), generally grouped in localities where our branches are established, is an element of strength for the Bank which we have pleasure in mentioning.

Since our last meeting, the Bank has suffered a great loss by the death of Honorable Paul Tourigny, Legislative Councillor, and a member of the Board of Censors. His business knowledge and his high sense of honor were known to all and we are certain that you share our sincere regrets.

In order to fill this vacant seat and the two additional seats, since created to represent new Districts, Mr. Samuel Casavant, of the firm of Casavant Freres, of the City of St. Hyacinthe; the Honorable Cyrille Delage, Superintendant of Public Instruction of the Province of Quebec, and Mr. J. L. Fortin, important merchant of the City of Three Rivers and Harbor Commissioner of that city, have been elected during the year. These nominations, bringing the number of members of the Board of Censors to seven, will, no doubt, on account of the well-known competence and influence of the new members, meet with your approbation.

Following the custom established by several other banks in Canada, your Directors have recently elected to this Board, Mr. H. Gerin-Lajoie, K.C., one of the Bank's legal advisers, replacing Mr. W. F. Carsley, who thought it advisable to offer his resignation on account of his departure for a very long voyage abroad. Under the circumstances, with much regret, your Directors have thought it proper, in the interest of the Bank, to accept Mr. Carsley's resignation, and they now desire to express their recognition of the valuable services rendered by him during his eighteen years of Membership on the Board.

It is not necessary here to make the eulogy of Mr. Lajoie, who is so favorably and generally known. He is one of the Bank's legal advisers and a Shareholder since its foundation.

In electing him, the Board wished to recognize his high professional standing and in particular the services he has rendered the Bank in the course of his long connection with it.

Following these general considerations, your Directors are pleased to be able to inform you that the operations of the Bank during the period ended 30th November last have had favorable results, as will be shown in the present report.

We have much pleasure in informing you that the number of depositors has considerably increased and that in the course of the year 37,731 new deposit accounts have been opened. Keeping in view the fact that the payment of the new issue of capital already mentioned here was almost entirely subscribed and paid up by depositing Shareholders of the Bank, amounting to a sum in excess of $1,220,000, and adding this sum to the increase shown by the Statement, the increase in deposits over the figures of last year will amount to about $3,400,000. The total of our obligations and deposits on the 30th November last was $42,063,242 (Forty-two Millions Sixty-three Thousand Two Hundred and Forty-two Dollars).

The period under review shows a net profit of $454,123.37, as against the sum of $407,253 last year. The annual ordinary dividend of 9 per cent. was paid to the Shareholders, and also a sum of more than $107,000, to the Federal, Provincial and Municipal Governments, to wit nearly $9,000 monthly. Moreover, as is the custom with this Bank, the sum of $60,539.47 was applied to write off completely the cost of maintenance of new branches and also to reduce the following accounts, namely, Bank Premises, Furniture and Fixtures and Real Estate other than Bank Premises.

Doubtful debts have, as usual, been provided for by Reserves considered sufficient by the Shareholders' Auditors, as will appear by their certificate.

The total assets of the Bank on the 30th November last amounted to $47,880,504. (Forty-Seven Million Eight Hundred Eighty Thousand Five hundred and Four Dollars), and of this sum there are liquid assets exceeding $27,000,000., nearly 65 per cent. of the obligations due to the public, to depositors, etc. The Statement shows more than $6,300,000 cash and in banks, more than $5,000,000. Bonds of the Dominion of Canada and of the Provinces, and also over $5,100,000 in Municipal, Railway and other Securities, etc., finally loans on demand guaranteed by securities generally quoted on the Montreal Exchange exceeding $11,000,000. (Eleven Million Dollars). The Statement shows as well $2,209,000 of Loans to Municipal and School Corporations.

The Head Office and all of our branches situated, as you are aware, in the Provinces of Quebec, Ontario, New Brunswick and Prince Edward Island, as well as all sub-agencies, have been visited by the Inspectors and other competent officers during the year.

The members of the Board of Censors have given the usual and very devoted services to the interests of the Bank; their monthly duties, laid down by the By-laws of the Bank, have been regularly fulfilled, as appears by their Report which will be submitted to the Meeting.

As in the past, intelligent devotion and assiduity have been shown by the Bank's Staff, and you will be good enough to join with your Board of Directors in offering to the Bank's Officers and Employees this testimony of generally well-deserved appreciation.

FOR THE BOARD OF DIRECTORS,
(Signed) H. LAPORTE,
President.
(Signed) TANCREDE BIENVENU,
Vice-President and General Manager.

Report of the Board of Censors for the Fiscal Year 1925-1926

Gentlemen,—

In order to carry out the mandate you were pleased to confide to us at the last General Meeting, we beg to report that each month we have examined the Investment Securities and others held by the Bank, and our verification has been perfectly satisfactory. Thus we have regularly each month verified that the Treasury of the Bank contained securities in quantity more than sufficient to satisfy the requirements of the By-Laws regarding the liquidity of the Bank's assets, and the payment of the deposits in case of necessity, as appears from the minutes of our monthly meetings.

We are pleased to bear witness to the rapid and considerable development of your Bank. That the confidence of its customers increases day by day is shown by the great number of new deposit accounts, as shown by the Report of the Board of Directors.

During the last year we had the misfortune to lose one of our colleagues, the Honorable Paul Tourigny, Legislative Councillor, whose sound judgment and wide business knowledge were most valuable to the Bank. You will no doubt share our regrets.

FOR THE BOARD OF CENSORS,
(Signed) S. CASAVANT,
For the President.

THE PROVINCIAL BANK OF CANADA

PROFIT AND LOSS ACCOUNT
as on November 30th, 1926

CREDIT

Balance at credit of Profit and Loss account, November 30th, 1925		$ 25,463.23
Profits for the fiscal year ended November 30th, 1926, after deducting charges of management, interest due to depositors, rebate on current discounts ($85,046.15) and provision for losses and doubtful debts		454,123.37
Premiums on new stock (Issue of $1,000,000 April 30, 1926)	$200,000.00	
Supplementary premium paid by new shareholders	20,155.00	
		220,155.00
		$699,741.60

DEBIT

Appropriated as follows:—		
For two quarterly dividends at the rate of 9% per annum on $3,000,000	$135,000.00	
For two other quarterly dividends on the fully paid-up shares and the interest accrued at the rate of 9% per annum, on the partial payments made on account of new stock subscribed (July, August, September, October, November, 1926) (Paid-up capital to date, $4,000,000)	169,266.00	
		$304,226.27
Dominion Government taxes on Bank Note circulation and provision for income tax		58,500.00
Amortization in full of the cost of installation and maintenance of new branches and written off "Bank Premises," "Other Real Estate" and "Furniture and Fixtures" Accounts		60,539.47
		423,305.74
Balance of Profit and Loss carried forward		276,435.86
		$699,741.60

RESERVE FUND—

Balance at credit, November 30th, 1926	$1,500,000.00

General Statement of the Bank on November 30th, 1926

LIABILITIES

Deposits not bearing interest	$ 5,772,546.61
Deposits bearing interest, including interest accrued to date of statement	31,755,018.24
Balance due to Dominion Government	108,152.97
Balances due to Provincial Governments	238,893.81
Balances due to Banks and Banking Correspondents in the United Kingdom and Foreign Countries	11,307.47
Acceptances under letters of credit	6,450.00
	$37,892,369.10
Notes of the Bank in circulation	4,076,253.00
Unclaimed dividends	5,161.51
Quarterly dividend, payable December the 1st, 1926	89,458.81
Total Obligations to the Public	$42,063,242.42
Capital Stock paid in	4,000,000.00
Reserve Fund	1,500,000.00
Balance of Profit and Loss carried forward	276,435.86
	$47,839,678.28
Liabilities not included in the foregoing	40,825.82
	$47,880,504.10

ASSETS

Gold and Silver coin current		$ 187,384.43
Dominion Government Notes		1,766,502.75
Notes of other banks		654,955.00
United States and other foreign currencies		81,196.88
Cheques on other banks		2,097,831.55
Balances due by other Banks in Canada		1,357,750.74
Balances due by Banks and Banking Correspondents elsewhere than in Canada ..		254,041.99
		$ 6,399,663.34
Dominion and Provincial Government Securities not exceeding market value ...		4,817,239.90
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian, not exceeding market value		1,332,367.02
Railway and other Bonds, Debentures and Stocks, not exceeding market value ...		3,800,486.68
Call and Short (not exceeding 30 days) loans in Canada on Bonds, Debentures and Stocks and other Securities of a sufficient marketable value to cover ...		11,016,488.14
Grand Total		$27,366,245.08
Loans to Cities, Towns, Municipalities and School Districts	$ 2,209,581.84	
Other current loans and discounts in Canada, after making full provision for all bad and doubtful debts	15,467,428.28	
	$17,677,010.12	
Less rebate of interest on both items	85,046.15	
		$17,591,963.97
Liabilities of customers under letter of credit as per contra		6,450.00
Deposit with the Dominion Government to secure Bank note circulation		158,400.00
Non current loans, estimated loss provided for		142,836.82
Real Estate other than Bank premises		470,807.91
Bank premises, including furniture and fixtures, at not more than cost, less amounts written off		1,826,507.84
Mortgages on Real Estate sold by the Bank		104,991.53
Other Assets not included in the foregoing		212,300.95
		$47,880,504.10

Compared with the books and found correct:
(Signed) J. R. CHOQUET,
Chief Accountant.

For the Board of Directors:
(Signed) H. LAPORTE, President,
(Signed) TANCREDE BIENVENU,
Vice-President and General Manager.

SHAREHOLDERS' AUDITORS' CERTIFICATE

To the Shareholders of
THE PROVINCIAL BANK OF CANADA:

We have compared the above statement with the books and accounts of THE PROVINCIAL BANK OF CANADA and with the certified Branch Returns. We have verified the investments and securities at the Head Office. We have obtained all the information and explanations that we have required.

In our opinion, the transactions of the Bank which have come under our notice have been within the powers of the Bank and the above statement discloses the true condition of the Bank, after providing for eventual losses, and is as shown by the books of the Bank.

(Signed) J. A. LaRUE, C.A., of LaRue & Trudel, Quebec.
(Signed) L. E. POTVIN, C.A., of Turcotte, Merrill & Potvin, Montreal.

Montreal, December 18th, 1926.

The members of the Board of Directors and of the Board of Commissioners-Censors were all unanimously re-elected.

At a subsequent meeting of the Board of Directors, the following were elected: Honorable Sir H. Laporte, P.C., President, and Messrs. Tancrede Bienvenu and S. J. B. Rolland, Vice-Presidents.

Toronto's Hotel Projects to Add 1,200 Rooms

Toronto's two new hotels—one to be erected by the C. P. R. and the other to be erected under the sponsorship of the C. N. R. will add about 1,200 new rooms to the city's hotel accommodation.

The C. P. R. Hotel will be of 1,000 rooms, but it will be necessary to tear down the Queen's hotel. This means a net increase then of 700 rooms through this project.

The C. N. R. Hotel will have 500 to 600 rooms, probably the latter figure.

Construction should begin shortly on both projects.

Announcement of the C. N. R. Hotel, to be built on Queen St. at the foot of University Ave., was made on Tuesday morning and the next day President E. W. Beatty of the C. P. R. was in Toronto announcing his railway's new hotel. Both hotels have been under consideration for some time and the C. P. R. project was decided upon some weeks ago.

The new hotels will give Toronto about 2,000 first class rooms, additional to present accommodation. This is still under the total of existing accommodation in Montreal and is under the average for American cities of similar size.

THE NATION'S BUSINESS

(Continued from page 1)

man of the Ontario Hydro-Electric Commission, a man who understands Canada's immigration problems very well. He wants immigration taken out of politics and put under a capable young business man. His suggestion of Ross H. McMaster of Montreal, president of the Steel Company of Canada, for the job is a happy one.

The value of the suggestion is the more apparent when the record of shift in the department of immigration is considered. While not denying Mr. Forke's abilities, and his earnestness of purpose, it is no doubt true that the work of his department would be better done if it had a strong man to carry on its work, some one to bear a relationship to Mr. Forke and the Cabinet that Sir Henry Thornton does to the government that owns the Canadian National Railways.

Mr. Magratly apparently realizes the need for virtually "conscripting" the most successful business men for public service.

Successful men will not usually offer their services publicly. They are afraid they would be misunderstood. Office-seekers would indicate that they were looking for a job with high salary. The responsibility is on the government for picking out these men, urging them to accept important positions and giving them a free hand so that they can do their best work.

* * *

IN HIS address this week, Mr. Magratly spoke strongly in favor of an Imperial preference plan, which would consider the Empire as a whole. Public men seem to have pretty well abandoned this policy as not being practical or feasible. The Financial Post has consistently maintained, however, that a start should be made on some Imperial preference scheme which would take in all parts of the Empire. We believe it would be so successful that it would be gradually enlarged as results seemed to warrant it.

The British Empire contains one-quarter of the world's population and occupies about one-quarter of the earth's surface. No other nation or group of nations can compare with it in buying power. We have great varieties of climate and of natural resources. Other countries are erecting high tariff walls to keep out British Empire products and to develop their own home industries. These policies seem to have worked out successfully and there would seem to be no reason why the last Imperial conference which brought together leaders from the various commonwealths making up the British Empire should not have given definite attention toward working out some plan, which would retain for ourselves much of the trade which is now going to foreign countries.

As Sir Herbert Holt remarked at the recent annual meeting of the Royal Bank of Canada, "Through a systematic policy of empire development we may secure a better distribution of population and find readier markets. In this direction, assuredly, lies the future of our political and economic life."

* * *

IT IS one of the most unfortunate features of Canadian public life that politics bedevils our sentiments, and admirations to too great a degree. When the prime minister of Canada travels about the country, the reception he receives in any part of the country depends upon the preponderance of political supporters or political opponents. He is not the ruling executive of the Dominion, but the head of a particular political party. He is a big man or a small man, not because of his attributes and his record, but because of his political stripe. Even among our statesmen who have passed on, only two have been able to begin to break down the mental political barriers in the memory of Canadians; even these two remain as the great Tory chieftain and the great Liberal chieftain more than as great premiers.

Toronto's treatment of Premier King and his cabinet was, perhaps, what was to be expected of a politically estranged city. But it was evidence of inability of Canadians to put the honor of the highest office in the land above political prejudice. Of course, all sorts of explanations and excuses are now offered for the refusal of the city of Toronto, dominated by small politics, to officially entertain the cabinet when it honored the city with an especial visit—even with cabinet sessions. The excuses are futile; every one knows why Toronto fell down.

* * *

WHEN the president of the United States travels, he is everywhere honored as the holder of such an office should be honored and only when he is definitely on a campaign tour prior to an election, does anyone consider him as related to party politics at all. Even in England, where party lines have been established for generations, the prime minister is the prime minister and not a party head, when he travels about. The much hated Ramsay Macdonald was given the highest honors everywhere he went during his tenure of the premiership.

Canadians ought to grant to their public men at least as much honor as we were taught, when we went to school, there is attached to offices that give high opportunity to serve.

Waterloo Trusts Assets Show Large Increase

Waterloo Trust and Savings Company had larger earnings in 1926, earnings approximating the dividends, plus $25,000 put to reserve.

Comparative figures follow:

Profit and Loss

	1926	1925	1924
Profits	$ 80,650	$ 76,121	$ 70,913
Income tax .. .	7,011	7,739	7,431
	$ 73,639	$ 68,382	$ 63,482
Distribution—			
Dividends ...	$ 48,750	$ 48,750	$ 48,523
Reserve	25,000	20,000	15,000
	$ 73,750	$ 68,750	$ 63,523
Balance	x$ 111	x$ 368	x$ 41
Prev. balance ..	2,240	2,608	1,444
Prem. on stock .	......	......	1,215
P. & L. bal...	$ 2,129	$ 2,240	$ 2,608

xDebit.

Twelve Years' Record

Year	Paid-up Capital	xNet Profits	Div.	% on Av. Cap.	Earn.† Rate
1926	$750,000	$73,639	6½	9.8	7.5
1925	750,000	68,382	6½	9.1	7.1
1924	750,000	63,482	6½	8.5	6.8
1923	729,685	62,657	6½	8.7	7.8
1922	707,920	57,672	6½	8.3	6.8
1921	674,295	54,637	6	8.4	6.9
1920	638,764	56,994	6	9.1	7.7
1919	604,331	49,648	6	9.2	7.9
1918	481,802	40,462	6	9.3	8.0
1917	415,366	34,355	6	8.5	7.4
1916	383,779	31,762	6	8.8	7.7
1915	332,876	25,323	6	7.8	7.0

xIncome tax deducted.

†Per cent. capital, reserve and balance at beginning of year.

Assets show a gratifying increase from $5,213,883 to $6,269,930. There was a large increase in guaranteed funds.

Both deposits and guaranteed receipt business are rising as Waterloo and Kitchener increase in wealth.

Estates under administration have increased by $273,000 to $851,490.

King Edward Hotel is Profitable but is Only 61 Per cent Occupied

Earnings Come From Leases of Concessions, Conventions, Restaurant

COMPETITION COMING?

Newer Houses Do Not Always Damage Older; First-Class Standards Are Being Well Maintained

The annual report of the King Edward Hotel Co., which will be published before March 1st, will show a substantially improved position at the end of 1926, than at the end of 1925, and it is asserted that, judging by advance bookings and the January business, the current year will be among the best in the history of the hotel.

The financial structure of the company was simplified some time ago by the exchange of the old common of $100 par value for common of no-par value on the basis of two for one. The primary mortgage against the property is $2,500,000 held by the Metropolitan Life Insurance Co. After this comes an authorized $3,500,000, of which $2,500,000 is held in the treasury for the redemption of the first mortgage. Series B bonds, $50,000, were issued for retirement of $50 000 principal of the Metropolitan mortgage, leaving $2,450,000 of that issue outstanding. There also are debenture shares, $2,500,000 of series A and $850,000 of series B. Series A is guaranteed unconditionally by United Hotels Co. which owns 51 per cent. of the common. The first mortgage and bonds bear 7 per cent. interest and the debenture shares 8 per cent.

Write Off Goodwill

Interest is being paid on all these senior issues and it is asserted that the forthcoming report will snow moderate earnings for 1926 on the common shares. It is not expected that a dividend will be paid on the common immediately, but recent activity in the stock on the Toronto exchange indicates a belief in financial circles that the dividend-paying period is not far off. It is said that the interest on the senior security was earned six times last year and that interest on the series A debenture stock was earned twice over.

The balance sheet, it is expected, will show other improvement. An item of $160,000 for goodwill which appeared at the end of 1925 will have been wiped out and a capital surplus of several hundred thousand dollars will be shown.

More than $150,000 is being spent in renovating the older part of the hotel. The older building is thoroughly modern in construction although it is more than twenty years old. The money is being spent in installing nearly 200 bathrooms of the most modern type, replacing equipment which had become obsolete. The entire house has been recarpeted and the furnishings of 90 rooms have been replaced with new.

The improved financial condition—which has made possible the betterment in the physical condition of the hotel — has been achieved more through the most rigid economy consistent with maintenance of first-class standards in all departments than by increased business.

Only 60 Per Cent. Occupied

Although there is much talk of one or more additional first-class hotels for Toronto, the fact remains that the King Edward, with 861 rooms, in 1926 was just slightly more than 60 per cent. occupied. This is a scant percentage higher than in the previous year. Moreover, while the uninitiated may conclude that first-class hotels make profits on rooms, the figures show an actual loss in this department when everything is charged against the rooms which may properly be so charged.

Profits have come from the leasing of concessions and stores, the restaurants and the rental of accommodations for conventions and other meetings. The King Edward has about 25 rooms of varying sizes available for these purposes and recently has found its resources in this particular taxed fully. Business of this character has been increasing in Toronto and the King Edward is benefiting therefrom. It is already determinable that 1927 will be one of the best convention years in the history of Toronto and the King Edward.

Although Toronto has the reputation of a peculiar city, from the viewpoint of the hotel business, the future —at least the immediate future—for the King Edward appears promising. It is commonly said that the building of another first-class hotel in a location west of Yonge Street might damage the King Edward. But this, in the opinion of some close observers, cannot be predicted with any degree of certainty. In other cities where newer and larger hotels have been built, older, established houses have not suffered. This fact has been demonstrated in New York and it has been demonstrated in cities of similar size to Toronto. There is one instance of a hotel magnate making two building attempts to put on older house in the second class. He succeeded on his second attempt only by buying the older house and reselling it with the stipulation that it be not used for hotel purposes for at least twenty years. That hotel was converted into an office building at vast expense. It was by no means so modern a hotel as King Edward. But, like the King Edward, it was known to travelers all over the world.

It is pointed out that the King Edward, under its present excellent management, has demonstrated its ability, with 60 per cent. occupancy, to earn the interest on all the senior securities and leave a balance to be applied to common stock or to go into reserve. The management is not stinting cash to keep the property up to a high standard. Its capitalization is better balanced since the old common shares of $100 par were converted into common of no-par. And, although the new wing was built at the peak of construction prices, that part of the structure has proved to be an asset.

In any event, the King Edward will not be faced with new competition under one year and it is more likely to be two years before any new hotels are operating in Toronto. By that time, it is possible—some optimists say it is certain—that the city will have assumed a more metropolitan aspect and, with the Dominion prosperous and the tourist business encouraged by the forthcoming revision in the Ontario liquor laws, there will be room for two or three hotels of the most modern character.

	High	Low
1926	20	20
x1927	29¼	20

xTo Jan. 31.

British Columbia Industries Triple

British Columbia industries have more than tripled in the past ten years, according to the latest provincial statistics. In 1916 there were 1,700 industrial plants in the province, with 40,000 employees and a payroll of $32,000,000. Now there are 4,000 plants, with a payroll of more than $115,000,000. Agricultural production in 1916 was valued at $32,000,000, fisheries at $14,647,000, minerals at $42,000,000 and forestry at $35,000,000. Last year they stood as follows: agriculture $69,000,000, fisheries $24,000,000, mining $47,000,000 and forests $83,000,000.

L'Esperance Appointed to Versailles Firm

From Our Own Correspondent.

MONTREAL. — E. J. L'Esperance, Montreal manager of the Imperial Life for the past eleven years, has resigned to accept the position of vice-president and managing director of the investment house of Versailles, Vidricaire and Boulais. Last year, Mr. L'Esperance personally wrote insurance totaling $2,245,000. This outstanding record made him the largest personal producer on the Imperial Life staff.

At a dinner tendered to Mr. L'Esperence it was announced that two branch managers, with equal status, will take over his former duties. J. C. Joy has taken over the downtown office, and Victor Archambault will manage a new branch to be established in Maisonneuve. Both the new managers have been with the company for over ten years. At the present time, Mr. Joy is president of the quarter-million-dollar club. The presidential honors of this club go to the salesman producing the largest amount of personal paid-up insurance.

Power Corporation Over-Sold

MONTREAL.—The recent issue of the first preferred shares of the Power Corporation of Canada was over-subscribed immediately. The additional issue of stock amounted to $2,500,000, and has already been distributed to over 1,000 new shareholders. Thus the average distribution of the new issue was in 25-share lots. The stock was sold at 96, and the present market price is 97.

UNLISTED SECURITIES

	Bid	Asked
Alberta Pac. Grain, com.	20	22
Do., pref.	87½	90
Brooks Motor 1 pref. & com.	6	7
Do., 1 pref. & 2 com.	7	9
Can. Machinery, com.	5	6½
Can. Westinghouse, com.	184	190
Farmers Dairy, com.	62	..
Dunlop Tire, pref.	90	93
Chase, A. W., com.	8	..
Do., pref.	..	80
Fanny Farmer, com.	28½	31
Federal Alcohol & Dist.	7	8⅛
Goodyear Tire, 6% pref.	91	94
Gunns, Ltd., pref.	84	..
King Edward Hotel, Deb. A.	72	75
King Edward Hotel, Deb. B.	62	65
Loew's Buffalo, pref.	48	54
Mount Royal Hotel, com.	5	6½
Nat. Grocers, 1st pref.	95½	98
Nat. Grocers, com.	2	5
Continental Life, 20% paid	42	47
Crown Life	128	..
Empire Life	24	29
Excelsior Life 29% Paid	66	..
Great West Life	445	445
Monarch Life 10% Paid	31½	35
Mortgage Discount, pref.	6	6¾
Ontario Equitable	25	28
Re-Insurance	21	25
Security Life 40% Paid	26	31
Sun Life, 75% paid	650	..
Toronto Finance, pref.	3	4
Willard's pref.	67	71
Canada Life	725	..
Capital Life 20% paid	19	..
Mount Royal, pref.	54½	56

Insurance, Bank & Trust Company Stocks

The Insurance Investments Limited
Adelaide 8127-8
347 Bay Street, Toronto

SUMMARY OF STATEMENT FOR YEAR ENDING DECEMBER 31, 1926

TOTAL INCOME $1,073,655.48, of which $884,903.74 represents Premiums received.
DISBURSEMENTS $497,803.08, which is $575,852.40 less than the Company's Income.
ASSETS $3,822,315.82. The Company's entire Invested Assets are in Trustee Securities.
Paid-Up Capital $331,000.
Surplus in Excess of All Liabilities $246,158.26.
New Insurance $7,789,416, bringing **BUSINESS IN FORCE** to a total of $33,050,441.
The 1926 gains and records were the most successful in the Company's history.

THE ONTARIO EQUITABLE
LIFE AND ACCIDENT INSURANCE COMPANY
S. C. TWEED, PRESIDENT — WATERLOO, ONTARIO

MESSRS. D. WILLIAMSON and H. A. PLOW

wish to announce that they have become associated under the name of

Williamson, Plow, Limited

to conduct a general Investment Banking business.

Main 2142—3—4

4 Hospital Street - Montreal

RGH & Co. Ltd.

A New High in Canadian Stock Prices

January, 1927, set a new high in Canadian stock market prices. This is one of the facts shown in the

FINANCIAL DIARY
February - 1927

It gives a complete record of important stock market happenings scheduled for February — ex-dividends, dividends payable, corporation meetings. It also records important new financing, indicates the trend of prices, and analyzes prominent Canadian securities. Let us send you a copy.

R. G. HOERNER & CO.
LIMITED
Investment Bankers
DIRECT PRIVATE WIRES

Montreal:
57 St. Francois Xavier St.
MAin 0123

New York:
14 Wall Street
Rector 4901

Correspondents:
Pask & Walbridge—Members New York Stock Exchange. Direct Private Wires.

British Capital is Interested in

PORCUPINE-KIRKLAND GOLD MINES LIMITED

No Personal Liability

Incorporated under the Ontario Companies Act and subject to part XI thereof

IT IS common knowledge that British capital is not as easily interested in Canadian mines as formerly. It is highly significant therefore to find Carstairs Wheeler & Co., of Byron House, London, Eng., closing a deal with Lonergan Securities Limited for half a million shares of Porcupine-Kirkland capital stock for their English clients.

They were keenly interested in the report on the property by W. E. Simpson, one extract from which is as follows: —

> "From what is showing on the properties I consider that the indications are very favorable for the ultimate development of a large enterprise. The ore bodies have the earmarks of being extensive, and the outlook generally is exceedingly good."
>
> W. E. SIMPSON

Now, as there is little likelihood of the company making any further offering of the treasury shares, and as we have only 35,000 shares left from the last treasury offering at $1 a share, we would recommend that reservations be made at once. We can take care of orders only to the extent of 35,000 shares.

Write for the complete Simpson report on Porcupine-Kirkland Gold Mines Limited

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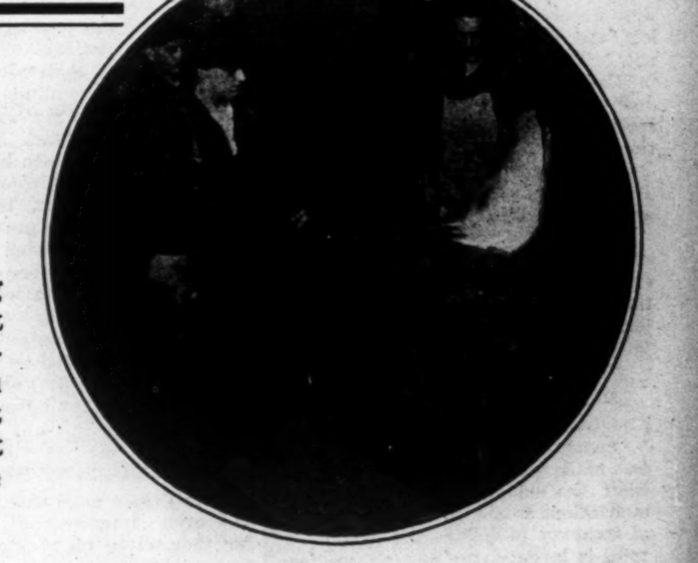
Union Trust Bldg.
TORONTO

105 Victoria St.
Elgin 4289

Money



The picture shows workmen pouring molten gold in the Royal Mint at Ottawa. Possibly you know how Canada's money is made. Probably you don't. And it's altogether likely that you have no idea of how the vast problems of our national finance are handled.

Get a glimpse into the counting house of Canada's beneficent miser, the Department of Finance, by reading

TREASURY OF THE NATION
By NORMAN REILLY RAINE

in the **FEBRUARY 1st** Issue of MacLean's

A MASSEY GOES TO WASHINGTON

Our first ambassador to the United States is sketched vividly for us by a well-known newspaper man, Owen E. McGillicuddy, who knows his subject well. Massey is a unique personality, reserved, uncommunicative, yet imbued with high ideals and capable of many and contrasting activities. This article throws into relief the character and habits of a man who is very much in the public eye.

FRUITS OF THE IMPERIAL CONFERENCE

Just what status did the Imperial Conference give Canada? This is a question most of us have been asking ourselves. J. A. Stevenson, a publicist with an analytical mind, answers this question with authority.

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"PROFESSOR McHUGH RESIGNS," by C. E. L'Ami
"THE SWAMP BRIDGE," by W. G. Hardy

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TORONTO, FEBRUARY 4, 1927

RUNNING ON PUBLIC FUNDS

NO DEPARTMENT of the government of Canada has any moral right to permit a private business to finance on government credit. Yet that is what is done when some firms are allowed to take as long as they like to pay their sales tax while other firms, knowing the law, make their payments promptly each month.

There is evidence of very loose administration of sales tax collection. Many firms are allowed to run greatly in arrears in their payments. Usually the firms that are slow to pay are firms of somewhat doubtful financial standing that find it advantageous to stave off all creditors, including the government. Such firms are always a menace to business, for from them emanate price cutting tactics, bankruptcies, and other business evils. The government only adds to the troubles of their honest competitors when it fails to exact prompt payment from them.

WHY NOT A BLACK LIST?

THE Home Office, in England, has compiled a list of undesirables, who will be denied admittance to that country in the future. On the list are several crooked American stock promoters who had been exposed by the Daily Mail.

One of the men exposed by the Mail was Jacob Factor, who afterwards left the country. Where is Factor now? There is no evidence that he is in Canada. A man calling himself John Factor was active around Toronto on several occasions in connection with stock jobbing propositions. One of his operations was exposed by The Financial Post some years ago and he then left Canada.

The British government's action suggests a lead to the Dominion government; compilation of a black list that will keep American stock swindlers from ever making a second trip to Canada.

EXPRESSED IN DOLLARS

COLD examination of the recommendations in the Duncan report has made possible some estimate of what the adoption of these recommendations would mean to the national treasury in dollars and cents. The total is large; large enough, we fear, to change the viewpoint of many who have been willing to be theoretical supporters of "Maritime Rights," ready to give the Bluenoses and the Herringchokers and the Islanders a friendly and sympathetic pat on the back, but never ready to count the cost in dollars and cents, to the nation as a whole, of granting those "rights." To be told that implementing Sir Andrew Rae Duncan's recommendations will cost Canada about $12,000,000 in immediate capital outlay and about $6,000,000 a year hereafter is going to change many sympathizers into less ardent friends.

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commendation made, it may be said that the $6,000,000 a year is neither here nor there if it is the price of a contented East. It is certainly not more than the cost of the purely political handouts that have been given the Maritimers in the form of public works of doubtful value and that have never done more than stimulate monetary civic pride and the whiter forms of graft.

Canada might as well make up its mind that if its protestations of sympathy with the Maritimes mean anything they must mean the assumption of certain financial obligations.

STUDY HOME TRADE

RETAIL merchants bring up a point worthy of study when they suggest the establishment at Ottawa of a department of domestic distribution, within the Department of Trade and Commerce.

The distribution of merchandise and other commodities is a large factor in commercial life and yet it receives less governmental study than does foreign trade, banking, insurance, transportation and other factors in business. Undoubtedly great loss is occasioned to the consuming public because of lack of leadership in studying distribution problems. Such a department could give this leadership.

The government may not care to establish such a department at the moment. Economy in expenditure, they may feel, comes before the establishment of any new department, however worth while. But it should remain a live issue.

CASE FOR CO-OPERATION

THE need for a scientific collection of statistics on municipal finance and administration in Canada is very apparent. No central government body is now doing the work. For a time the Dominion Bureau of Statistics attempted to compile information relating to the municipalities of Canada, but was forced to discontinue the work after 1922. They found it too difficult to reconcile the nine different systems of collecting statistics that are in force in the nine different provinces; moreover, collection of the statistics, apart from provincial cooperation, was too onerous and expensive both to the bureau and to the municipal officials themselves, who would thereby be required to make out different returns for different authorities.

A somewhat similar condition of uncertainty prevailed for a long time in regard to vital statistics—births marriages and deaths. This was ironed out by a conference of officials from each of the provinces with the Dominion statistican. Now every province collects their vital statistics in exactly the same manner and turns the figures over to the central bureau at Ottawa for analysis.

It would be simple to bring similar order out of the confusion in regard to municipal statistics. If one officer from each of the nine provinces would meet with the Dominion statistician at Ottawa for about one day, a plan could be evolved that would prevent duplication of work, establish uniformity in the compilation of municipal information and lead to the collection of a valuable body of municipal information for business and financial men.

AN IMMIGRANT SUCCEEDS

MANY men have won national and even international reputations for themselves on Western Canada's farms. They prove the opportunity for the intelligent, hard-working immigrant who enters upon his new life in Canada with seriousness of purpose.

Axminster, one of the new wheats that has added to the wealth of Western Canada, was developed by S. Larcombe, at Birtle, Man. Mr. Larcombe is an Englishman who came to this country about thirty years ago. Since then he has done wonderful work in raising the standard of wheat and other grai asses and vegetables in W a.

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industrial bonds of the highest grade. We doubt if there are many such women in Canada who would be attracted by the blandishments of security salesmen who find their prospects in unusual quarters.

Another transfer noted in this highly interesting diary was an exchange of $15,000 of government bonds for this eight per cent. stock. We were informed that the erstwhile owner of these bonds also had put in $5,000 cash, making his holdings $20,000. He has put rather an important egg into one basket and there is no evidence that he is in position to watch the basket.

It is not a new principle of investment that women who are dependent on the return from investments for their living should invest only in the safest securities procurable, even when the rate of return is not so high as could be wished. It is a sound principle, also, that everyone's investment outside his own business should be widely diversified. An investment of $20,000 in an outside industry is not adhering to this principle unless the investor be enormously rich. We doubt if an enormously rich man would be attracted by the offering we have in mind, even granting that the salesmen possess more than ordinary skill in painting rosy futures.

WAGES PLUS DIVIDENDS

INVESTORS, and some who are not investors, will agree that any business deserves to exist only if it is capable of earning a fair return on a reasonable capitalization.

It is but an adaptation of the dictum that the laborer is worthy of his hire. A well-managed business should be able to pay good wages even before it earns reasonable dividends. Moreover, it is doubtful if, in the long run, benefit accrues to employers who take undue advantage of a surplus of labor.

FEWER MILLS; SMALLER MARKET

WE ARE told by a government department that "the Canadian woollen industry, in spite of reputation for quality upon which it has been based and in spite of the progress it has made under the guidance of able leaders, has not kept pace with the increase of population, and with the development of other lines of manufacture."

We are also told that the Canadian mills rank high in efficiency and equipment and that lack of such efficiency therefore can not be the reason for the lagging behind of the woollen industry.

The reason for the decline in wool-growing industry in Canada is certainly not due to lack of areas suitable for sheep ranching as a map on this subject recently published for free distribution by the Natural Resources Intelligence Service of the Department of the Interior, Ottawa, shows that there are vast areas suitable for sheep pastures in practically every province of the Dominion. This map, which also shows the number and location of knitting mills, clearly indicates that a sheep raising industry many times greater than has yet been developed, could be maintained without fear of running short of the necessary pasturage.

All this being true, why is it that Canada's woollen industry is practically stagnant? We have the mills and we have the wool-growing areas. But we have only a very small production of woollen cloths and our farmers raise only moderate numbers of sheep. Industry and agriculture alike are losing from the lack of an expanding woollen industry in the country.

Heads of the woollen mills declare the chief difficulty is inability to compete with mills in other countries that have not greater efficiency but have much lower pay rolls because of the miserable wages paid. The upset in world currencies also handicaps Canada, with its dollar at the peak, when it attempts to compete with countries with currencies that are depreciated. Such depreciation has upset world price levels. Canadian woollen mills declare they are entitled to tariff protection that will compensate them for their disabilities in meeting the low wages of other countries, where education has not progressed as in Canada, and in meeting problems created by unsound money systems in other nations.

It is quite apparent that if the woollen industry of Canada can be soundly established, agriculture will be a gainer. Every active woollen mill in Canada will expand the market for wool and create greater profits for sheep-raising farmers. There are fewer sheep in Canada than there were forty-five years ago. Lack of prosperity in the woollen industry tells why.

EDITORIAL NOTES

A CANADIAN investment house rought out four new issues in one y this week. This breaks records activity in the Canadian bond ket.

* * *

E. RUNDLE, general manager National Trust speaks in lanhat paints clear cut pictures. the whole story of the Cansiness outlook in one senn he says: "We are now er clearer skies and in s."

Foreign Loans Are Good Investment for Average Man, When Constructive

Hartley Withers Discusses Tendency to Foreign Bond Buying

LEAN ON BOND HOUSE

Tendency to Accept Judgment of Investment House Throws Responsibility on Bankers

Hartley Withers Writes on Foreign Investing

Hartley Withers' article from London this week discusses a subject that has recently grown in its importance to the Canadian investor. The tremendous investment of Canadian money in foreign bonds, raises live topics for discussion.

Mr. Withers is one of the outstanding British writers on economic subjects and contributes each month to The Financial Post an article on some subject of international importance.

By HARTLEY WITHERS.

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A leading American banker, Dwight Morrow, a partner in J. P. Morgan & Co., has been investigating the question of American investments in foreign government loans and publishing his conclusions and comments in "Foreign Affairs" for January. From a summary of his views in the Economist of January 8, it appears that he was stirred to make this investigation by noticing that the list of foreign bonds quoted by the Chicago Tribune has increased in ten years from six items to 128. The British public has, of course, been accustomed to investing in foreign bonds for over a century, and now that all countries included in the circle of civilization are interested, either as debtors or creditors, or sometimes as both, in the question of foreign investment it is important that the principles should be considered on which it should be carried out.

Small Investors Buy Them

Mr. Morrow's investigations proved that in America the people who buy foreign bonds are largely small investors—"people all over the United States who are investing their savings"; the reason why they do so is sometimes sentimental, as when German bonds were taken, not only because the interest rate was attractive and the principal seemed secure, but because the buyers felt that "they were thus associating themselves in a fine venture to help Europe on her feet." But the question of safety of principal and interest and the attactiveness of the rate are generally the consideration which are uppermost.

Now, concerning the safety of principal and interest in the case of a foreign government bond, the average citizen in all countries is generally possessed of little or no information on which to base a judgment. We pride ourselves in England on the fulness of the statements that are provided concerning the financial position of our own government but these statements are very difficult to unravel; and if it were a question of inquiry into the solvency of Czecho-Slovakia or Brazil, the man in the street would be most unlikely to know where to look for the facts. and still more unlikely to be able to understand statements in a foreign tongue, dealing with a mass of figures in foreign currencies.

Following Lead of Bankers

According to Mr. Morrow, the American investor usually puts in the forefront, of the reasons why he buys a particular bond, the confidence that he feels in the bank which offers him the investment. In view of his own necessary ignorance, this is a very sound reason to give. It throws a serious responsibility on the issuing house, but no more than they ought in any case to feel and no more than the best of them do feel, in offering bonds to the public. In London, as everyone knows, the issues made by certain houses are applied for eagerly by investors simply on the strength of their reputation for sound selection of the wares that they put before the market; and in Continental centres the public follows the banks that have acquired the right reputation, with the same confidence. A special responsibility lies on the houses which issue the bonds of foreign governments, because there is a special weakness attached to the security, namely the fact that if the debtor chooses to default, he cannot be haled before a court of law and made to pay or declare himself a bankrupt. Those who invest in railway bonds or in the obligations of industrial concerns do at least enjoy this legal protection, especially if due care has been taken to secure the bond on property that is necessary to the operation of the concern; but a defaulting state can, if honesty does not oblige it to make an effort to meet its liabilities, snap its fingers at its creditors, as long as it does not want to borrow again.

Should Force be Used?

Mr. Morrow, indeed, discusses at some length the question whether the governments or citizens who have lent money to defaulting states should use their armed forces in order to enforce the claims of their nationals, and he quotes a saying of Mr. Root in 1906 to the effect that the United States have never considered this proceeding to be suitable. This is also the view adopted by other lending nations and Mr. Morrow adds that he has not been able to find a single clear case of a nation going to war for bondholders, though examples of something like it have happened in Mexico in 1861, in Egypt in 1880, and in Venezuela in 1902. He considers that war would be a quite fruitless remedy for such a breach of contract, and there is little need to discuss the question, for it is in these days hardly practical politics.

Nevertheless in spite of the impossibility of compelling a defaulting state to pay, government bonds are a popular form of investment because they have the advantage of being secured on the taxpaying capacity of a whole nation and consequently have a wider foundation than the obligations of any particular industry or enterprise.

Loans Highly Beneficial

With this advantage behind them the loans of sound and honest governments as long as the money borrowed is put to the right use, are highly beneficial both to the borrowers and the lenders, and since it has been shown that issuing houses have special responsibilities in this matter it is evidently their business to see that any government loans which they offer come within this description. As to what the right use is, Mr. Morrow seemed to confine himself to stipulating that the loans should be used for "constructive" purposes. But since constructive is rather an elastic word and might cover the construction of expensive and unnecessary buildings to beautify the state capital, we surely ought to go further and insist that money borrowed abroad should only be used on purposes that will definitely increase the wealth and taxpaying capacity of the people, and especially its export trade. Because the service of the loan—its interest and sinking fund—have to be remitted abroad and this ultimately can only be done by increased exports. If the money borrowed is not used for the direct or indirect encouragement of exports, loans, especially if they are too large and numerous, will be burdensome obligations, endangering the stability of the exchange value of the country's currency.

As Others See Us

Liked Gypsum Article

Halifax Herald.—The Financial Post of January 14th contains an interesting outline of the development of the gypsum industry of Hants County which leads all Canada in 1926 in gypsum production, exporting in all, according to the Post article, 650,000 tons.

This enterprising Canadian journal has been devoting considerable space to Maritime matters recently, showing a disposition to study and understand Maritime conditions and problems. This is appreciated by Maritime people. With some of our Canadian journals, Canada begins at the St. Lawrence and ends at the Pacific Ocean—that is judging from the lack of attention paid to Maritime affairs. Not so with the Post, however.

The Financial Post has recently inaugurated a section entitled "Canadian Mining News," and now that it has started so well in publishing the mining news of this province, it is hoped that this welcomed policy will be kept up.

Canadian Trade Index

The sixth annual edition of the Canadian Trade Index, published by the Canadian Manufacturers' Association, is now ready for distribution. This is one of the most complete and authoritative lists of manufacturers, exporters and of articles produced in the Dominion.

For greater convenience to buyers and exporters, the book is divided into four classifications, the first of which deals with manufacturers and their addresses, branches, export representatives, trad marks, brands, etc; part two, a director of manufacturers of Canada, classified according to articles made; part three, a list of exporters of agricultural produc and allied lines, forwarding agents, export merchants, etc.; and the last section, an alphabetical list in French and Spanish, with parallel English, of the headings in the previous section.

There are nearly 900 pages in the volume, and it is available at the cost price of $6.00.

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Modern advertising demands creative ability, technical skill and wide commercial experience; and for my part I am endeavouring to place these operations on a professional basis, believing as I do that present and prospective advertisers will eventually retain their advertising advisers as they now do their solicitors.

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and at
164 St. James St., Montreal.

Security Review Profitable

A careful review of one's investments at this time of year, is more than usually opportune. Such a review almost invariably results in discovering some profitable exchange, sale, adjustment or possibility of new investment. Then, too, accumulating fund for new investment may be available from:

1. Incoming funds from sale of property.
2. Money now drawing a low rate of interest.
3. Bond or mortgage interest.
4. Bank interest.
5. Stock dividends.
6. Early maturing bonds, etc.

Such funds may be safely and profitably employed and adjustments and exchanges made, at present, to excellent advantage.

We shall be glad to make suggestions as to the betterment of investment lists or to consult with those having investment problems.

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Your Investments

Investment questions and problems submitted by subscribers of The Financial Post will be answered by letter and those of general interest will be published in this column. We cannot extend this service to non-subscribers. A two-cent stamp or stamped envelope must always be enclosed to cover the direct reply.

Seagram's

I should be pleased to receive your opinion of Segram's, which I notice is selling around 17.

There is no reason to think that Seagram's will not share in the prosperity which seems to be due the distilleries and breweries located in Ontario. Seagram's at the present price has speculative possibilities.

Page-Hersey Tubes

I would appreciate your opinion of Page Hersey common.

On page 25 of the January 28 issue of the Financial Post you will find a fairly complete review of Page Hersey Tubes. The company is sound financially, well managed and has an excellent outlook. The financial structure is such that ultimately the preferred stock will be retired, which fact adds to the speculative possibilities in the common.

Greening Wire

I would like some information on the B. Greening Wire Co., as per following:

1. When was the company established?
2. Where situated is the (a) factory, (b) head office?
3. Are their bonds sound and do they pay their interest regularly?
4. What is the value of the bonds and what interest do they bear?
5. Would you recommend these bonds as a continued investment for minors who will inherit from an estate?

The B. Greening Wire Co. was incorporated in 1923 to take over the business which has been established since 1858. The factory and head office are at Hamilton, Ont. The bonds are a good grade of industrial security and the interest is paid regularly. They bear 6½ per cent. interest, and while they are not traded in extensively, they ought to be worth about close to par or par. We consider the bonds of this company a good investment, assuming, of course, that the principle of diversification is not overlooked. The question of investment on behalf of minors is one which should be considered by a lawyer, as the law wisely stipulates a procedure to safeguard the principal.

Travelers' Health

Can you give me an idea of the safety of insurance contracts taken with the Travelers' Health Association of Omaha, Neb., who have solicited me for a policy?

The Travelers' Health Association is not licensed to do business in Canada either in the Dominion or in any of the provinces and any solicitation that they carry on must be done entirely through the mails. This means that their contracts are not enforceable in the ordinary way and action cannot be taken against them if they fail to pay their claims. Taking insurance with a company of this character always involves a certain amount of risk. We believe that they are carrying on a continuous campaign in Canada through the medium of the mails.

The deputy insurance commissioner of Nebraska informs us: "This is an assessment association writing health insurance, and is in good financial condition. The company's last statement which was as of December 31, 1925, shows admitted assets of $377,666 and surplus of $331,277."

Nickel and Brazilian

I have several shares of Brazilian. It cost me about $80. I am advised to sell and buy International Nickel.

Would you kindly advise me?

The opinion in investment circles is that Brazilian is a sound stock with great possibilities of appreciation in value in the next year or two. It is paying dividends.

There are also possibilities in International Nickel with the yield at the moment somewhat less than Brazilian. The switch in the long run might prove profitable especially if you have a profit on Brazilian at this time. It might be well to hesitate, however, to determine as well as you can whether or not the present rise in Brazilian is to continue.

National Steel Car

Would appreciate it if you would give time to give me your opinion on the purchase of National Steel Car Corp. shares as a good speculative investment at the current price of around $20 per share.

You will find a review of the National Steel Car Corp. in the Steel and Construction Supplement to The Financial Post of January 28.

The outlook for this company appears to be somewhat better than it has been for a number of years, so that the sock at the present market possibly would be a fairly good buy. It should not be overlooked, however, that the capacity of the plant at Hamilton is large and that while some substantial orders have been booked recently, there must still be several idle units at the works.

Standard Stocks

I would like to secure a list of standard Canadian investment common stocks and a list of speculative stocks.

Any list of standard Canadian common stocks would include C.P.R. now selling at a price to yield around 5.91 per cent. Also we would put on this list the following: Steel of Canada selling to yield 5.80 per cent.; Consumers Gas selling to yield 5.81 per cent.; Brazilian selling to yield 5.31 per cent.; Montreal Tramways selling to yield 5.74 per cent.; F. N. Burt selling to yield 5.08 per cent. and Tucketts Tobacco selling to yield 5.71 per cent. There are others, of course.

Common stocks of a semi-speculative nature would include: Massey Harris common, Twin City common, Arnolds common, Loblaw's common, British American Oil, Gooderham and Worts.

Dominion Alloy Steel

Can you give me some information in regard to Dominion Alloy Steel Co., Sarnia, Ont.? I will be glad to hear what progress the concern is making. There was a time when a monthly, or quarterly bulletin was issued to advise shareholders of the operations of the Company, etc., but these ceased some time ago. Is there any market for the stock?

The Dominion Alloy Steel Co., Sarnia, galvanizes sheet metal, although the company was organized to produce other classes of steel.

Information regarding this company is very difficult to obtain. We have been told, however, that the profits of the galvanizing plant for the six months ended December 31 are far from sufficient to pay a reasonable return on the capital at present. Dealers in unlisted securities report occasional sales of this stock, but none recently.

Alberta Pacific Grain

You will oblige me with your opinion on the following stocks, which I hold, particularly Alberta Pacific Grain, as I understand they are meeting with considerable opposition from the wheat pool.

25	B.A. Oil.
5	Brazilian Com.
5	Alberta Pacific Grain Pref.
5	Bonus Alberta Pacific Grain, Com.
10	City Dairy.
10	Canada Bread "B".
10	Canada Bread Com.
10	International Pete.
10	Shredded Wheat.
5	Nat. Cash Reg.
20	Imperial Oil.
10	Famous Players, Pref.

Alberta Pacific Grain preferred is a stock of a semi-speculative type. The company is a successor of companies which have been in business since 1902. While it meets the competition from co-operative bodies in the West, there is also room for independents in this business. The directors and executives are experienced.

The other industrial stocks you list are good holdings for a business man.

Niagara Falls Power

A customer has been considering investing around $3,000 in Niagara Falls Power, preferred, 7 per cent., present market $29, yielding 6 per cent., or Buffalo Niagara & Eastern (I presume railway), selling at $26, yielding around 6¼ per cent.

Our customer is looking for a safe investment with a fair yield in interest and before investing we would appreciate your comments as to the standing and possibilities of the companies mentioned.

Niagara Falls Power preferred is a high grade stock, with ample assets behind it. The company is the only private company generating electricity from Niagara Falls and it is possible it will get a further license to develop power from the rapids below the cataract. Buffalo, Niagara and Eastern is not a railway, but is a holding company for the Niagara Falls Power Company, the Niagara, Lockport and Ontario Power Co., the Buffalo General Electric Co., and a number of smaller concerns. The management is virtually the same as the Niagara Falls Power Co. and a high degree of stability is assured. The Canadian Niagara Power Co., the only remaining privately owned generating plant on the Canadian side of the cataract, is a subsidiary of the Niagara Falls Power Co. A certain amount of this power is consumed on the Canadian side, a block of it being taken by Dominion Power and Transmission Co., of Hamilton, and the rest going to consumers along the Canadian shore of the Niagara River above Niagara Falls. The bulk of the power, however, goes to Buffalo.

Politicians in New York State from time to time have attacked the power industry. Presumably attacks cannot be avoided in the future, but it is noted that the courts of the state and nation are conservative in dealing with a corporate company and the consumers of power on the New York State side feel well toward the generating and distributing companies.

Sun Life Endowment

I have recently been canvassed by a representative of the Sun Life Assurance Co. of Canada for a $10,000 two-year endowment. This is a "with profits" policy, guaranteeing me $10,000 in two years, at which time the agent advises I can, if I so desire, leave the amount on deposit with them, obtaining 5½ per cent. on the funds (3½ per cent being their guaranteed rate and two per cent. their surplus.) I presume there is no likelihood of the rate of interest being decreased in the near future, but in any event, I understand funds left on deposit are subject to call at any time.

What is your opinion of the company mentioned and the safety and desirability of the investment.

You may purchase the policy in the Sun Life with the utmost confidence. This company is exceedingly strong and thoroughly reliable, and may be counted upon to give the best possible service to its policy-holders.

As regards your question as to whether or not the rate of interest is likely to drop in the near future, the chief point to consider here is that the rate of interest will be determined by the general investment level, and if there is any decline it will be only after there has been a general decline in securities, from which the company derives its interest returns.

B.C. Pulp & Paper

Apparently after payment of preferred dividends the British Columbia Pulp and Paper Company showed a surplus in 1926. Therefore, do you think there is any chance of dividend payments being made on the common shares? Would you let me know, also, whether the management intends to list the shares of the company?

No, we do not believe that dividend payments will be initiated on the common stock of the British Columbia Pulp & Paper Company for some time. Surpluses, as they accrue, will be utilized to build up the financial strength of the company before disbursements are made to the common shareholders.

Probably the common and the preferred shares of the British Columbia Pulp & Paper Company will eventually be listed on one of the Canadian exchanges but in the meantime we understand that the board of directors had not considered listing the shares.

If you are anxious to sell your stock we believe that there is a market for the preferred, but as far as we can see you would probably be well-advised to retain your stock until such time as the company can present to investors a record of earning power extending over a year or two.

Woman's Investment

Will you please give me your opinion on British American stocks (new) at $21 per share?

I have been told this is good to buy at the present low price, and that it is a very sure and well administered company, and paying good dividends. I would like to make some money, but cannot afford to lose it.

Please give me your opinion, for which I shall be very grateful. I am enclosing a stamped envelope for a reply.

The stock market thinks that British American Oil at the present price of $21 per share (new) is a good speculation.

All the oil stocks have done very well, but for a woman who cannot afford to lose her capital or any part of her capital, government bonds or the first grade utility or industrial bonds are the best investments. Hardly any other securities are to be considered where safety of the principal is the first consideration, as it appears to be in your case.

We cannot foresee any condition likely to arise which will affect the earning power of this company, but the future in investments of this character inevitably is uncertain. Even assuming the company retains its present capable management, there is the possibility of some invention which will reduce the consumption of gasoline. This, of course, is not probable, but it is possible and the possibility must be considered by those who cannot afford to take chances.

International Power

Would you give me your opinion of the 7 per cent. secured bonds of the International Power Securities Corporation, Series E. I have just received a circular from a Montreal financial house which reads very attractively—just like all the others. Nevertheless, I notice that the directorate is composed of good men and therefore I thought of buying one of the bonds. Before doing so, I desire to obtain an unbiased opinion. For your information I may say that I hold a very well diversified list with a good foundation of government and municipal bonds.

We believe that the Series E bonds of the International Power Securities Corporation, yielding about 7.3 per cent. are an excellent purchase for one such as yourself who has a well diversified list with a foundation of goverment and municipal bonds.

In the first place, the investment houses which sponsored this issue have a record of successful financing extending back over many years. Then again, as you remarked, the company is backed by outstanding men.

The reason the bonds sell on such a high yield basis is due to the fact that security back of the issue is a foreign corporation whose earnings might perhaps be affected somewhat by extreme variations of exchange or other factors which perhaps are not so liable to affect companies on this continent.

We are not in a position to answer enquiries regarding foreign corporations, but we believe that in view of the satisfactory management and the satisfactory sponsorship of this issue, that you could safely invest in one of these bonds.

Naturally, of course, bonds yielding 7.3 per cent. are not as gilt-edged as ones with a lower yield. However, the diversification of your holdings will probably allow you to obtain a somewhat higher yield.

POST-Scripts

HARDBOILED business executives of another day would be shocked by the peaceful penetration of the social graces into modern day business. Now a bank, trust company or insurance company annual meeting would be incomplete without a luncheon afterwards, at least for the directors, and usually for shareholders, business friends, important clients, etc.

But it took a Toronto fire insurance company to break new ground this week when it invited its friends to afternoon tea in the offices of the company "from 4 o'clock to 5.30 p.m."

Now private secretaries to business men keep social calendars for their chiefs.

UTILITY companies, the rates of which are closely scrutinized by governing bodies and commissions, occasionally are apparently detected in picking up pin money for little extra services in a manner which would not be considered in competitive commerce. This observation is prompted by the recent revelation that the telephone charges from ten cents to 35 cents the month extra for telephone cord longer than the standard, which—you probably do not know—is five feet six inches.

An official of the telephone company admits that, on the surface, the practice of the company in charging as much each month for the extra length of cord as the cord is worth seems arbitrary and unfair. But he explains that by actual experience the company has found that a cord longer than the standard produces a higher percentage of trouble. In offices it is continually becoming entangled in feet or allowed to rest on the floor, where it is soaked with scrubbing water. And it often serves the purpose of making a telephone available for two desks, thereby rendering the proper type of telephone service unnecessary in the view of the subscriber.

That is the official explanation. Further than that, it may be said that if the longer cord permits a woman to sit at her ease on the chesterfield when otherwise she would be sitting straightbacked at a desk, the longer cord makes for longer conversations and that, too, adds to the company's maintenance expense.

At a recent luncheon, this explanation brought the cynical comment from one quarter, that a rope long enough has resulted in unscheduled hangings. Public ownership sentiment is not entirely dead, although it is often discredited.

FOLKS and Finance

WENDELL McL. CLARKE, the newly appointed executive officer of the Dominion Board of Trade has already been active in one of the branches of his activity—the organization of boards of trade in towns that now have no such body. He was in Orangeville, Ontario, last week helping that town to get a board started. In the previous week, he visited Wolfville, N.S., where he helped to organize the associated boards of trade of the Annapolis Valley.

It is quite apparent that Mr. Clarke is going to be a busy man.

Bicycles Still Popular

Despite the increasing use of the flivver, bicycles still remain a popular mode of travel. To meet the demand for these vehicles, Canadian manufacturers turned out $1,445,901 worth during 1925, of which sum $866,457 represented the cost of materials.

Investments for February Funds

Our February List may supply just the information you would like, whether you are interested in Government, Public Utility or Industrial bonds or Preferred Stocks.

Perhaps you would like to have us place your name on our mailing list, to receive these monthly announcements regularly. A request will be sufficient.

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Members Montreal Stock Exchange
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also Mount Royal Hotel Building
TORONTO 14 King Street E.
OTTAWA 46 Elgin Street
QUEBEC 80 St. Peter Street

B. H. PORTEOUS
& Company
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Members
Montreal Stock Exchange
Montreal Curb Market
17 St. John Street
Montreal, Que.

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Book your passage with any Canadian Pacific agent. Travel speedily, comfortably, directly to the side of your ship at the convenient winter port of St. John, N.B. Then step from your train into the luxurious interior of a Canadian Pacific liner. Convenience is a keynote of travel arrangements by Canadian Pacific Steamships.

Ask your local agent or
J. E. PARKER
Gen. Agent, Ocean Traffic,
Canadian Pacific Building,
Toronto

CANADIAN PACIFIC STEAMSHIPS

YOU CAN HEAT YOUR HOME BETTER WITH GAS

The Ideal Way to Heat Your Home —With Gas

What a change gas heating brings to the home. No work, no worry—not the slightest responsibility for any member of the family. The gas burner, automatically regulated, goes from fall 'till spring providing complete heating comfort without requiring a moment's thought or attention. Not even fuel to order—and you pay for your fuel *after* you use it.

This clean, safe, silent method of home heating is ideal. Your gas burner controlled by a heat regulator insures comfortable, even temperature all day long. At night the clock automatically lowers the temperature level for economical, healthful heating and in the early morning raises it back so the house is warm when you get up.

Winding the Heat Regulator Clock is the only "furnace tending" you do with gas heating.

Ask for Cost Estimate

Let us tell you the approximate cost of this better heating for your home. It will obligate you in no way. Phone or write today.

The CONSUMERS' GAS COMPANY OF TORONTO
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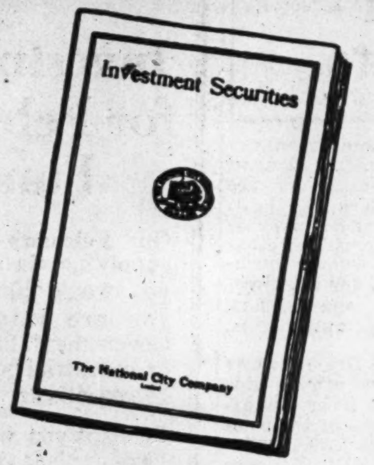

A Wide Range
of High-Grade Bonds

Each month we issue "Investment Securities", a booklet which contains an extensive list of investment opportunities which bear our recommendation.

From such a wide diversity of offerings — a few of which yield over 7%—it is never difficult to select securities to suit your particular investment requirements.

A card will bring you a copy of the February issue of "Investment Securities" by return mail.

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Farm Lands, Appraisals
We are well informed on the oil situation.

Strong Syndicate Offers New South Wales Issue

A new issue of $25,000,000, 5 per cent. external sinking fund gold bonds of State of New South Wales, is being offered to the public by a syndicate composed of the Equitable Trust Co., of New York, Harris, Forbes and Co., The First National Corporation, of Boston and Estabrook and Co. Part of this issue will be offered in Europe, but the major portion will be handled on this side.

The following information is summarized from the prospectus:

$25,000,000
State of New South Wales.
External 30-year 5% Gold Bonds.
Dated February 1, 1927 Due February 1, 1957

General—New South Wales is the oldest and most prominent State of the Commonwealth of Australia. The State embraces approximately 40 per cent. of population, wealth, industry and developed resources of the country.

Credit—New South Wales enjoys a high rating in the London market. Total value of all State-owned properties is estimated to be $1,596,277,600, of which about 79 per cent. is revenue producing. Many of the State's properties are of a municipal nature, as a result of which the debts of the municipalities are relatively small.

Revenue—For the fiscal year ended June 30, 1926 amounted to $188,097,955. Approximately 58% derived from public woks and services.

Security—Direct obligations. In event of any future issue, while these bonds outstanding, the present issue shall be equally and ratably with such subsequent bonds or loans.

Purpose—Proceeds will be devoted by the State exclusively to productive public works.

Price—96¼ and interest, to yield 5.25 per cent.

News of Investment Markets

ANNOUNCE ANOTHER INVESTORS' TRUST BY TORONTO GROUP

Aim to Provide Safety and Diversity of Security for Small Investor

Public financing will be undertaken by the Economic Trust Ltd., which has been incorporated under the Dominion Companies Act, to carry on a business similar in character to that of investment trust companies in Great Britain. Capitalization will amount to $5,000,000, of which $2,500,000 represent common shares of $50 par value, and the balance 5½ per cent. cumulative redeemable preferred shares, each of $100 par value.

The primary purpose of this organization as outlined in its prospectus, is to bring together relatively small amounts of capital through the sale of its own shares and securities, and the investment of these funds under expert management and constant supervision for maximum earning power, through the broad diversification of its resources in all classes of investments, such as bonds of governments, municipalities and corporations, and the preferred and common shares of financial, public utility, corporations and loans secured by such obligations and investments.

Certain restrictions are laid down as regards the amount of the Trust's capital which can be invested in any one particular security. Not more than 5 per cent. of the combined share and loan capital may be invested in the stock or bonds of any one company and government or public authority, except bonds, and obligations of the Dominion of Canada or the Government of Great Britain. In addition the trust will be limited to purchasing not more than 10 per cent. of the stocks or bonds of any one class mentioned, so that it will not have a controlling or managerial interest in any enterprises.

The trust is founded on the basis of mutual investment corporation, and each common stock shareholder will participate in the earnings pro rata to holdings. Furthermore, the trust will establish out of income and profits, a reserve fund. The greater portion of profits realized on sales of holdings will be transferred to the reserve account, thus increasing from time to time the value of the trust's common stock.

The cost of carrying on the business of the Economic Trust will be kept at a minimum. Initial expenses have been very low and no promotion expenses in the way of cash or bonus stock have been paid or are to be paid. The only contract which the Trust has entered is with the Hamilton syndicate, which has undertaken to place the initial financing.

Management of the company will be under the direction of a board of directors composed of the following: Glyn Osler, H. C. Scholfield, A. M. M. Kirkpatrick, E. James Bennett, and Hume Cronyn. In addition there will be two advisory boards; the Canadian being composed of W. W. Near, J. E. McAllister, The Hon. S. E. Mewburn and Lt.-Col. W. Leggat, while the English committee will be William Sandford Poole and Andrew W. Tait.

The affiliation of the Economic Investment Trust with successful and long-established investment trusts in Great Britain should prove of very substantial benefit, financially and otherwise, to the Trust and its shareholders. This contact is established through the London committee.

Dominion Securities Handle Portion of Bolivian Issue

Part of a $14,000,000 issue of Republic of Bolivia 7 per cent. external secured gold bonds will be sold in Canada through the Dominion Securities Corporation. This issue was underwritten by Dillon, Read and Company, of New York.

This is the second South American republic loan to be placed in Canada during the week and while Bolivia is not so well known as Brazil, Peru or Argentine, in which Canadians have large financial interests, the record of this nation compares favorably with that of the others. It has an area about one-quarter larger than the province of Ontario and a population approximately the same. Bolivia is one of the principal metal producers of the world and will shortly undertake the development of its petroleum fields. The government budget has been balanced during the past two years, without any borrowing abroad. All debt obligations have been met since 1876, while the per capita debt, excluding the present issue, amounts to only $16.

Proceeds of the present bond issue will be used to commence the construction of a railway from Cochabamba to Santa Cruz, to carry on the construction of a railroad from Potosi-Sucre railway and for other purposes. The former railway is designed to join the high plateau district with the interior agricultural regions of Bolivia.

$14,000,000
Republic of Bolivia.
7% External Secured Gold Bonds.
Dated January 1, 1927 Due July 1, 1958

Issue—Direct obligation of Republic of Bolivia. Government has agreed that it will pledge, by a first or second charge, certain revenues to secure payment of interest, amortization and principal and that proceeds of such revenues shall be maintained at not less than one and one-half times the amount required for such service.

Purpose—To commence and carry on construction of certain railway lines between agricultural and plateau regions.

Finances—Republic has met all obligations appertaining to public debt during last half century.

Revenue—Revenue has exceeded expenditures, other than capital expenditures, in each of the past three years.

Currency—Based on gold standard, the notes of the Banco de La Nacion Boliviana having a gold cover in excess of 40 per cent.

Offered—Dillon, Read and Co. in the United States, and Dominion Securities Corpn. in Canada.

Price—98½ and interest, to yield about 7⅛ per cent.

Denomination—$1,000 and $500.

Bond Issues Heavy

The week has been one of the most notable experienced by Canadian bond houses in some time. Not only were issues more numerous than ordinarily, but there was also a greater diversity of offerings. Foreign government issues were prominent, while there was also a good sprinkling of industrials as well as a few minor municipal bonds.

The securities offered met with favorable reception and it is thought that further financing will shortly be made in view of the buoyant tone of the market.

LINDSAY ALCOHOLS LATEST ADDITION TO ONT. DISTILLERS

Financing to Provide for Plant With Million Gallon Capacity

A 7 per cent. cumulative preferred stock issue of the Lindsay Industrial Alcohols, amounting to $400,000, is being offered by Rhys. D. Fairbairn. This offering follows numerous others of the same class which have been made since the people of Ontario voted for government control. Reception of such issues has been favorable and there is an active demand for securities of those companies already in the field of manufacturing industrial alcohols.

The Lindsay Industrials Alcohols has acquired the land and buildings of the cereal mills at Lindsay, Ontario, and has converted them into a distillery plant.

The distillery has a capacity of 1,000,000 gallons per annum. During the present year, which will be the first of its production, output and costs are based on a production of 500,000 gallons. The plant is now in operation.

Subsidiary Lines

In addition to its distillery plant, the company has acquired the entire assets of the Hodgson Brothers Chemical Co., of Lindsay, where it is now manufacturing methyl alcohol, charcoal and acetate of lime. This plant has been in operation for ten years. One of the buildings is also being converted into a modern plant to refine crude methyl alcohol. There will also be a plant for the manufacture of formaldehyde.

The company will start out in the fortunate position of having approximately 70 per cent. of the first year's estimated production sold. The whole output of charcoal and acetate of lime has already been sold at prevailing prices, while approximately half of the total production of methyl alcohol will be used by the distillery.

Particulars of the issue are as follows:

$400,000
Lindsay Industrial Alcohols, Ltd.
7% cumulative preferred stock

Business—Manufacture of industrial alcohols, methyl alcohol, charcoal and acetate of lime.

Plant—Distillery, chemical, refining and formaldehyde plants. Equipment in each case will be wholly modern.

Cost of Manufacture—Low fixed assessment, rail and water transportation, abundance of own water power and plenty of labor, all combine toward low cost of manufacture.

Markets—A large percentage of output has already been contracted, while little trouble will be experienced in selling balance on open market.

Assets—Appraised values, after financing and completion of work, placed at $623,165. No value has been placed on charter, license or goodwill.

Earnings — Estimated at $150,000, per annum, or more than five times the dividends on the preferred stock.

Purpose of Issue—Proceeds to be used in payment of balance of purchase money for buildings and the installation of plant and equipment, amounting to $190,000, and the balance for working capital.

Management—Thomas Hodgson, of Lindsay, who has managed the chemical company for past ten years, will be managing director.

Offered—February, 1927, by Rhys D. Fairbairn, Toronto. Price $100 and accrued dividend per share. Bonus, two common shares, of no par value, with each preferred share.

First Mortgage Issue Offered by United Bond Co.

Demand for office space for manufacturers' agents and others in the city of Toronto, has lead to the construction of an 8-storey loft building, on which an offering of $144,000, 7 per cent. guaranteed first mortgage bonds is being made by the United Bond Company.

The building is located within five minutes of the Union Station and is being constructed of solid brick. Special attention is being paid to meet the requirements of manufacturers and such is the demand for space in this type of building that the United States Bond Company state the owner had a request for five entire floors of space before the foundation was completed.

$144,000
Manufacturer's Building.
7% 1st Mortgage Guaranteed Bonds.

Type of Building—Solid brick construction; 8-story loft.

Equity—Bond issue less than 50 per cent. of an independent appraisal and less than 30 per cent. of United Bond Company's own appraisal.

Earnings—Estimated at $28,000, or three times the greatest annual net dividend requirements.

Offered—February, 1927, United Bond Company.

Price—$100 and accrued dividends.

Nanaimo Lumber Co. will build a large new plant if city will provide site.

FOREIGN SECURITIES
We are active in all foreign issues.
Ask for quotations.
Have your name placed on our mailing lists.
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120 St. James Street, Montreal

VERSAILLES-VIDRICAIRE-BOULAIS - LIMITED
Investment Bankers
MONTREAL QUEBEC
Quebec Municipals and Industrials a Specialty

STRONG SYNDICATE TAKES CHILE BONDS

Canadian - American Houses Combine to Raise Money for Southern Republic

A syndicate of American and Canadian bond houses, headed by Hallgarten and Co., and Kissel, Kinnicut and Co., are offering a new issue of $27,500,000 Republic of Chile, 6 per cent. external sinking fund gold bonds. The proceeds of this loan will be used for public works, including additional port facilities, sanitation and water supply and for the retirement of certain existing obligations. The bonds provide that if in the future the Republic shall issue or dispose of any bonds or loan secured on specific revenues or assets, these bonds shall be equally and ratably secured herewith.

For many years past, there has been an unhealthy tendency on the part of the Chilean government to issue paper money to meet the budgetary deficits. In 1912, a conversion plan was agreed upon with a gold fund sufficient to insure the conversion of notes at 12 pence per peso. The date was deferred to 1916, but as a result of the war, was further postponed several times up to the issuance of the decree of August, 1925. It is hoped and expected that the present attempt at currency stabilization will prove more successful than earlier attempts have proved.

Members of the syndicate, in addition to those already mentioned, are as follows:

Halsey, Stuart & Co.; Lehman Brothers; J. Henry Schroeder Banking Corporation; Cassatt and Co.; William R. Compton Co.; Canadian Bank of Commerce; Dominion Securities Corporation, Ltd.; Royal Securities Corp., Ltd.; McLeod, Young & Weir & Co., Ltd.; R. A. Daly and Co.; Hanson Brothers; Greenshields & Co.

Description of the issue follows:

$27,500,000
Republic of Chile.
6% External Sinking Fund Gold Bonds
Dated February 1, 1927 Due February 1, 1961

Obligation—Direct of the Republic of Chile as to principal and interest.

Purpose—Public works, port facilities, sanitation, water supply and retirement of certain existing obligations.

Debt—Total debt of Republic as of December 31, 1926, including all guaranteed obligations and including this issue, but excepting obligations to be retired thereby, aggregates about $327,255,007.

Assets—Government-owned properties have an estimated value of approximately $650,000,000, which is about twice the total debt. National wealth of the country estimated on July 1, 1923, at over $3,372,000,000, equivalent to over $855 per capita.

Listing—To be listed on the New York Exchange.

Offered—By syndicate headed by Hallgarten & Co. and Kissel, Kinnicut and Co., at a price of 93¼ and interest, to yield about 6.50 per cent.

Fur Auction Sales $1,500,000

January fur sales of the Canadian Fur Auction Sales Co., totaled $1,550,000. Next auction is dated for August 11th.

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PREFERRED STOCKS
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Power Bonds that Demand Attention

The water power company that has successfully solved the problems of primary cost, distribution cost, and market, offers a means for investment that warrants the first consideration of all investors who desire a satisfactory return on their money, coupled with sound security.

Let us give you particulars of bonds that we consider come within that classification.

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14 King St. East, Toronto
Members { Montreal Stock Exchange
Toronto Stock Exchange
Montreal Curb Market
Winnipeg Grain Exchange
Chicago Board of Trade

Province of Ontario
4½% Gold Bonds
$100,000
due 15 January, 1943
Price 97.77 to yield 4.70%
$100,000
due 15 January, 1952
Price 97.80 to yield 4.65%
MATTHEWS & COMPANY
LIMITED
Bond Dealers
255 Bay St., Toronto

Roberts-Cameron
& COMPANY, LTD.
Government and
Municipal Bonds
Listed Stocks
Northern Ontario Bldg.
AD.3486-7-8 TORONTO

MURRAY & COMPANY
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Government, Municipal and
Corporation Bonds
METROPOLITAN BLDG.
ADELAIDE 6077-78 TORONTO

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Investment Trust British Contribution to Finance

First Article of a Series on Investment Trusts and Their Place in Canada

By MACKENZIE WILLIAMS, of A. E. Ames & Co., Toronto, Copyright, 1927.

Anglo-Saxons are said to have a special aptitude for government, law, order and business, to the latter of which Napoleon gave a derisive recognition when he called the British a nation of shopkeepers. In applying its instincts, the race has evolved forms of government which are as solid and practical as they are flexible, liberal and distinctive. These racial aptitudes or instincts have further resulted in the orderly development of businesslike financial and mercantile institutions of great solidity.

Supporting the vast superstructure of British commerce and finance with its world-wide ramifications, are four great financial institutions which have been evolved through generation after generation of practical experience. Through the long process of trial and elimination, these institutions, as we at present know them, with their conservatism, their strength and solidity, have been evolved. Those to which, in the main, British trade leadership is due are her banks, insurance companies, financial companies and her investment trusts. To the organization, evolution and operation of these great outstanding institutions can be attributed a world-wide leadership in trade and commerce, which, before the war, was unquestioned and undisputed.

Delayed Recognition of Trust

The profound influence which these institutions have had is readily acknowledged by all who have examined the structural foundations of British finance and commerce. Three of these groups of financial institutions have been built on lines which have become the models for similar institutions throughout the world. The fourth institution, the typical British investment trust, at its best, has received a more delayed recognition and acceptance. It is only within the past four or five years that it has received the close attention of students in other parts of the world, and particularly on this continent. The first investment trust in the United States, which incorporated all the fundamental features of the British trust, was founded as recently as 1921.

Where Trusts Thrive Best

In a study of British investment trusts by the United States Department of Commerce, attention was drawn to the fact that such trusts seemed to thrive best under certain conditions which until recently had not been in evidence on this continent. An examination of the earlier forms of this institution and the conditions at the time of origin, together with an examination of their subsequent evolution will, perhaps, bring out more clearly the characteristics of the soil in which these institutions seem to thrive and the nature of their functions.

Early Investments of British

At the beginning of the 19th century, the chief avenues of investment for the people of Great Britain were land mortgages, real estate and consols or other government obligations. Consols had been originally created in 1751 by a consolidation of nine government loans then outstanding, and totalling £9,137,000, and while nominally bearing three per cent. interest they were subsequently issued in a way which gave the holder a relatively high return on his investment. Thus subscribers of £100 might receive £150 par value of 3 per cent. stock which would thus give a return of 4½ per cent. Subscribers in some cases received for each £100 subscribed as much as £174 par value of 3 per cent. stock, giving an interest return of 5.22 per cent. on the investment.

There were at this early period few opportunities to make investments of an industrial character, and such securities were rightly considered highly speculative. Corporate methods were immature and unstandardized. The national wealth, while growing, was not widely disseminated, and the rich and likewise investors were few in number. Their funds were invested, in the main, in British government securities of the various types which had come into existence especially during the Napoleonic wars.

Incomes Reduced After Wars

In 1822, the British government began a new series of conversions, whereby various loans, carrying high rates of interest, were replaced by loans carrying lower rates. Thus, the "Navy Five Per Cent.'s" were converted into an issue bearing 4 per cent. From time to time other issues were called and replaced by bonds bearing considerably lower rates. Thus, incomes from these securities were reduced 20 per cent., 25 per cent., or more. The Napoleonic wars had greatly popularized the government loans, both from patriotic and business reasons, and the issues were widely held for the times.

The drastic reduction in income from these government loans, as a result of conversions, led the people to seek new outlets for their funds, and finally brought on an era of reckless speculation. Issue after issue was absorbed with great rapidity. "The Times," and "Morning Chronicle" of January 23 and 24, 1825, contained the prospectuses of thirty-five new companies. By the end of the same year, 624 new companies had been promoted, with a capitalization of £372,000,000.

Early Investment Experiences Unfavorable

The excited state of the British public in their desire for higher yields had created a favorable atmosphere for this extraordinary volume of security offerings. Foreign governments and cities also flocked to London. Tens of millions of pounds were offered. In three years, 1823 to 1826, just one hundred years ago, over £50,000,000 of foreign government and municipal issues were offered. By 1836, within ten years, over two-thirds of these had defaulted. The railway era followed closely, and for ten years there was an ever-increasing interest and concentration on railway issues which eventually resulted and culminated in the panic of 1847. Prices crashed. Private investors, without access to information, were the greatest sufferers. Here and there some estates skilfully managed and holding a variety of securities, both domestic and foreign, came through relatively unscathed. The experience of the private investor for a period of twenty-five years had been wholly unsatisfactory, and loss had followed loss, first in industrial issues, then in foreign issues, and finally in railway issues.

The time was ripe for the appearance of the investment trust.

Unlisted Bonds

	Bid	Asked
Abitibi P. & P. 6s 1940	104	105
Algoma Steel 5s 1962	31¼	32
Anticosti Corp. 6½s 1941	102	103¼
Belgo Can. Paper 6s 1943	102⅛	103⅛
Brandram Henderson 6s 1936	95¼	97
Burns, P. Co. 6½s 1943	102⅝	103⅝
Calgary Brewery 5s 1942	88	89¼
Calgary Power 5s 1940	92	93¼
Canada Lt. & Pr. 5s 1949	93¾	95¼
Can. Car & Fdry 6s 1939	104¼	105½
Can. Nor. Power 6½s 1941	100¼	101⅝
Brompton P. & P. 6s 1946	99	100
Can. Steamships 5s 1943	98½	99¼
Can. Steamships 6s 1941	98½	99¼
Can. Steel Fndry 6s 1936	104	105½
Cedar Rapids 5s 1953	100	100⅝
Davies, Wm. 6s 1942	92½	93½
Dominion Iron 5s 1939	29	31½
Dom. Power & Tr. 5s 1932	96¼	97⅜
Dominion Textile 6s 1949	106	108
Duke Price Pr. 6s 1966	105½	105⅞
East Kootenay Pr. 7s 1942	103¾	105
Elev. Development 5s 1933	100	100⅝
Fraser Co. 6s 1950	98¾	99½
Gatineau Power 5s 1956	97⅛	97¾
Howard Smith P. & P. 7s 1941	103	104
International Paper 6s 1955	98	98¾
King Edward Hotel 7s 1944	90	94
Lake Superior P. & P. 6s 1941	106	107½
Laurentian Pr. 6s 1936	102½	103⅞
Laurentide Pr. 5½s 1946	101⅝	102½
Maple Leaf Mfg. 6½s 1943	103½	105
Maritime Tel. & Tel. 6s 1941	103½	105
Manitoba Pr. 5½s 1951	99⅝	100⅛
Mattagami P. & P. 7s 1949	112	116
Mercury Mills 6½s 1943	100½	101¾
Mont. L. H. & Pr. 5s 1951	99⅝	100⅛
Mont. Pub. Service 5s 1942	98¼	99¼
Nor. Can. Pr. 6s 1945	101¼	102
Nor. Ont. L. &. P. 6s 1946	100¾	101¾
Nor. West, Utilities 7s 1938	99	100½
Nova Scotia Steel 6% Debs.	32	35
Nova Scotia Tram. 5s 1946	91	93
Nova Scotia Tram. 7s 1952	98	100
Ont. Pulp & Paper 6s 1931	108½	109¾
Ottawa Hull Pr. 6s 1948	104	105¼
Ottawa L. H. & Pr. 6s 1953	104½	105¾
Ottawa Mont. Pr. 6½s 1949	102¼	103¼
Ottawa Riv. Pr. 6½s 1953	102¼	103½
Ottawa Trac. 5½s 1955	100¾	101½
Port Alfred P. & P. 6½s 1943	102¼	102⅞
Price Bros 6s 1943	104¼	105½
Prov. Lt. & Pr. 5s 1946	100½	101½
Page Hersey 6s 1946	101¼	102¾
Quebec Pr. 6s 1953	106½	107⅝
St. Lawrence Paper 6s 1946	98	98⅞
St. Maurice Pr. 6½s 1953	108½	109½
St. Maurice Valley 6s 1945	99½	101
Shawinigan W. & P. 6s 1950	105⅛	106¼
Simpson, Robt. 5s 1952	95	96½
Simpsons, Ltd., 6½s 1945	102¾	104
Southern Can. Pr. 5s 1955	98	99
Spanish River P. & P. 6s 1931	108½	109½
Spanish River P. & P. 8s 1941	106⅝	107¾
West Kootenay Pr. 6s 1943	103½	105
West Pr. of Can. 5s 1949	96½	97¾
Winnipeg Elec. 6s 1954	99¾	100¾
Winnipeg Elec. 5s 1935	98¼	99½

P. BURNS ENLARGE SCOPE OF OPERATION

Dominion Securities Offer Preferred to Provide More Working Capital

An offering of $2,100,000, 7 per cent. cumulative preference shares of P. Burns & Co., Ltd., is being made this week by the Dominion Securities Corporation. This is part of an issue of $4,000,000 authorized some time ago, of which this additional offering brings the total outstanding up to $3,943,000.

P. Burns & Co. to-day owns over 50,000 acres of ranch and farm lands, and owns or controls 7 packing houses, 16 wholesale fruit depots, 95 retail stores, and more than 40 creameries. In addition, the company has important agencies in Europe, the West Indies and the Orient.

The company has for some time had in contemplation the extension of its activities, enabling it to dispose of its products throughout Canada. Heretofore, the company has disposed of its products obtained in the West, on a brokerage basis through established companies in Winnipeg, Toronto and other eastern centres. Through the recent connections established in Eastern Canada, and the acquisition of a packing plant in Winnipeg, the company now has proper facilities for handling this substantial volume of desirable business. The present offering of preferred stock is to reimburse the company for expenditures made in acquiring ownership or control of these properties, and for additional working capital.

Details of this issue are as follows:

$2,100,000
P. Burns & Co., Ltd.
7% Cumulative Preference Shares.

Business—Meat packing, wholesale fruit, retailers and creamery operators.

Capital—First mortgage bonds of $3,078,500; $3,943,000 preference shares 7% cumulative (including this issue), and 5,000,000 ordinary shares.

Assets—Fixed assessments amount to $8,902,002. At 31st December, 1926, and giving effect to present financing, net current assets $6,299,914. After deducting all liabilities, including bonds outstanding, including this new financing, net tangible assets amount to over $12,000,000, or more than $300 for each preference share outstanding.

Earnings—Average for 5 years and 6 months ending December 31, 1926, $692,544. Earnings for year ended December 31, 1926, $759,338.

Management—Under guidance of the president, Mr. P. Burns and officers who have been with the company from twelve to thirty years.

Redemption—If net earnings, after bond interest and depreciation, equal or in excess of twice amount required to pay preference share dividends, Company will set aside 2% of shares outstanding each year. If earnings three times in excess of dividend requirements, will set aside 3%. Callable on sixty days' notice at 105 and accrued dividend.

Offered—February, 1927, by Dominion Securities Corporation at a price of 100 and accrued dividend, to yield 7%.

Now Grier Investment

MONTREAL.—The Montreal Stock Exchange house of Ryan Grier and Hastings has changed its name and henceforward will be known as the Grier Investment Company.

Tenders and By-laws

February 7, 1927. Township of Tremblay, P.Q.—$35,000, 5¼ per cent. serial debentures. H. Gagnon, Sec.-Treas.

February 10. Township of King—$78,784, 5½%, 30-instalment debentures. J. L. Jenkins. twp. clerk King City.

February 7, Village of Port Rowan—$11,000, 5%, Hydro bonds, 1 to 20 years. J. F. W. Atkinson, Treas., Port Rowan.

February 7. Town of Pointe Claire, P.Q.—$85,800, 5 per cent. serial bonds. L. J. Laurendeau, Sec.-Treas.

February 7. Township of Tremblay, P.Q.—$35,000, 5½ per cent. serial debentures. H. Gagnon, Sec.-treas.

Feb. 12. Stayner—$23,400, 5½%, 15-instalment bonds. A. J. F. Sullivan, Mayor. (See announcement on page 16).

February 14. Fort Frances—$25,000, 5½%, 20-year serial telephone debentures. H. E. Marr, Treas. (See announcement on page 16).

February 11. Midland—$117,600, 5%, 20-instal.; $24,000, 5%, 30-instal. debentures. R. R. Wilson, Acting Clerk and Treas., Box 576.

This Week's Bond Sales

District of Burnaby

Royal Securities Corporation were the successful tenderers for an issue of $67,000 5 per cent., 30-year straight-term bonds of the District of Burnaby, B.C. The price paid was 98.577. Tenders follow:

Royal Securities Corp.	98.577
Fry, Mills, Spence & Co.	98.57
Wood, Gundy & Co.	98.53

Hamilton Sells Bonds

Wood, Gundy and Co., were the successful tenderers for an issue of $1,196,000 City of Hamilton 4½ per cent. 20-instalment bonds. The bidding was marked by keen competition, the spread between the first and second bids amounting to only .07.

At the high bid of 97.20 the cost of the money to the city is 4.82 per cent.

The bids were:

Wood, Gundy and Co.	97.20
A. E. Ames and Co.	97.13
Dominion Securities Corp.	97.07
Bank of Commerce; Fry, Mills, Spence and Co.	96.93
Dominion Bank; Burgess and Co.; McLaren, Fletcher and Co.	96.68
Bank of Montreal; National City Co.	96.469
Dyment, Anderson and Co.; Bell, Gouinlock and Co.	96.263
McLeod, Young, Weir and Co.; Matthews and Co.	96.11

Small Block of Rowntree Issue Sold in Canada

A small block of the recent $1,000,000 first mortgage bond issue of the Rowntree Company, placed in New York, has been sold privately in Canada.

The company was recently incorporated to acquire the business and certain assets of the Cowan Company, Ltd., and of the Canadian selling organization of the English company, both of Toronto. The proceeds of this issue will be used to provide additional machinery and working capital for the new company, including the acquisition of the inventories of the Cowan company.

The English company has been importing into Canada for several years and a Canadian company was established in September, 1925, to distribute the Rowntree products in the Canadian market. As a result of careful calculations, the English company concluded that most of its products could be manufactured in Canada upon a basis more profitable than upon which they were being imported.

Toward this end, it was decided to acquire the appropriate assets of the Cowan Co., Ltd. Expert examination of the plant and machinery of the Cowan Co., showed them to be admirably suited to the purpose. It was also believed that the consolidation of the two companies would greatly enhance their position in the Canadian market.

Particulars of the issue are as follows:

$1,000,000
Rowntree Co. of Canada, Limited,
1st Mortgage, 6 per cent. Gold Bonds.
Dated Jan. 1, 1927 Due Jan. 1, 1937

Purpose of Issue—To acquire business and certain assets of the Cowan Co., Ltd., and of Rowntree and Co., (Canada), Ltd., Canadian selling organization of the English Company.

Assets—Net tangible assets, as certified by Price, Waterhouse and Co., will be in excess of $2,200,000.

Guarantee—Unconditionally as to principal, interest and fixed sinking fund by endorsement by Rowntree & Co., Ltd., (of England).

Business—Manufacture and distribution of high-grade chocolates known throughout the British Empire.

Management—Management will be in the hands of Mr. Arthur Nelson who has been responsible for the successful introduction of Rowntree products into Canada.

Offered—Offered by Manufacturers Trust Co. of New York and James H. Causey & Co., of Denver, at a price of 100 and interest to yield 6 per cent.

International Paper Co. Closes American Mill

From Our Own Correspondent.

MONTREAL.—The International Paper Company has announced the closing for an indefinite period of the large paper mill at Franklin, New Hampshire Many of the employees will be transferred to the new mill of the corporation at Gatineau, Canada. With the additions to its Canadian newsprint capacity, the company expects in 1927 to have a daily output of 8,500 tons against a rated capacity at present of 7,350 tons, 5,700 tons at the inception of 1926 and 4,750 tons at the outset of 1925.

Dominion Guarantee

The fortieth annual report of the Dominion of Canada Guarantee and Accident Insurance Co., for the year 1926, shows that gross premium income amounted to $1,518,447 and that the company's total income amounted to $1,600,038. The company's assets are $1,971,094. The life department sold about $1,900,000 of new business during the year, bringing the total insurance in force up to $3,000,000.

Income Throughout the Year

A FINANCIAL truism is that every investment list should include securities of different types.

And, while diversifying, arrange your investments, so that the income derived therefrom will be paid you periodically. Sound bonds are obtainable whose coupons mature in any desired month. Why not arrange that your income will be paid you regularly throughout the year?

Such readjustments can be made with profit if carefully thought out. We shall be pleased to make suggestions.

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Montreal Tramways 5% 1955
Bell Telephone......5% 1955
Quebec Power......6% 1953
Quebec Ry..........5% 1939
St. Maurice Power 6½% 1953
Montreal Pub. Ser...5% 1942
Laurentide Power.5½% 1946
Duke-Price Power...6% 1966
Manitoba Power .5½% 1951
M. L. H. & P........5% 1951
Gatineau Power.....5% 1956
Gatineau Power.....6% 1941
Can. Nor. Power 6½% 1941
Winnipeg Electric...6% 1954

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BOND MOVEMENTS OF THE WEEK

Week Ending February 1

Bonds—	Int. Rate	Due	Yield	Range, 1925 High	Range, 1925 Low	Range, 1926-27 High	Range, 1926-27 Low	Ask	Bid	Latest Price High	Latest Price Low
Asbestos, g. mtge.	6	1956	6.41	..	..	94½	81¾	93½	93	94½	..
Do., 1st mtge.	6	1941	5.98	..	..	101⅜	96¼	102¼	101¼	100¼	99
Do.	5	1942	5.28	100	80¼	100	92	..	101½	97	..
Can. Cement	6	1929	5.36	103	100	102½	100½	..	101¾	101¾	100½
Cedar Rapids	5	1953	4.98	99⅛	97	101½	98⅛	100⅛	..	100⅛	..
Dominion Iron	5	1929	....	94	86	92	69	75	..	75	..
Montreal Power	5	1933	5.00	..	..	100	97	..	..	100	99⅞
Montreal Trams, "A"	5	1955	5.14	94	88¼	97¾	93	96⅝	96½	97¾	96½
Do., 1st mtge.	5	1941	5.02	98¾	94⅞	99⅞	93	99⅞	99½	99¾	..
Quebec Rly.	5	1939	5.32	98	89¾	100	91⅞	98½	97½	97	..
War Loan	5	1931	4.70	102.65	101.80	102.40	100.35	101.95	101.60	101.60	.....
Do.	5	1937	4.55	104.95	103.80	104.65	102.75	104.20	104.00	104.20	103.65
Victory Loan	5½	1927	4.30	103.15	101.05	101.75	100.00	101.05	100.90	100.90	100.50
Do.	5½	1933	4.68	107.00	105.10	106.80	103.65	.....	104.70	104.75	104.50
Do.	5½	1934	4.88	104.30	103.25	104.10	102.15	103.95	103.85	103.95	103.70
Do.	5½	1937	4.56	110.00	108.05	109.30	106.90	108.00	107.80	108.00	107.65
Do., Renewal	5½	1927	4.90	102.65	100.90	101.75	100.00	100.90	100.65	100.65	100.50
Do.	5½	1932	4.88	104.20	102.10	103.40	102.00	103.40	103.05	103.25	102.90
Do., Refund	5	1928	4.90	104.40	100.10	101.30	99.00	101.05	100.70	101.00	100.60
Do.	4½	1940	4.64	97.30	96.00	98.60	95.60	98.25	98.20	98.50	98.20
Do.	5	1943	4.80	102.95	101.20	102.95	101.15	102.80	102.65	102.90	102.55
Do.	4½	1944	4.62	97.75	94.95	98.55	95.75	98.50	98.30	98.55	98.23
Do.	4½	1946	4.61	....	.....	98.55	95.60	98.50	98.30	98.55	.....

WEEKLY RECORD OF FINANCING IN CANADA

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS.

Place	Date Sold	Municipal —Sold To—	Rate	Maturity	Amount	Price	Cost Basis
Hamilton	Feb.	Wood, Gundy & Co.	4½%	20 ins.	$1,196,000	97.20	4.82
District of Burnaby	Feb.	Royal Securities Corp.	5%	30-yr.	67,000	98.577	...

OFFERINGS OF CORPORATION AND FOREIGN SECURITIES

Bond Issues	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
North Amer. Edison Co.	Jan.	Dillon, Read & Co. and Dom. Securities	5%	1957	$25,000,000	98	5⅛%
New South Wales	Feb.	Equitable Trust of N.Y. and Syndicate	5%	1957	25,000,000	96¼	5.25
Republic of Chile	Feb.	Can. and U. S. Syndicate	6%	1961	27,500,000	98¼	6.50
Republic of Bolivia	Feb.	Dillon, Read & Co. and Dom. Securities	7%	1958	14,000,000	98½	7⅛%
Stock Issues—							
Lindsay Industrial Alcohol	Jan.	Rhys. D. Fairburn (Each share to carry bonus of 2 com. shares no par value).	7%	Pref.	400,000	100	7%
P. Burns & Co.	Feb.	Dom. Secruities Corp.	7%	Pref.	2,100,000	100	7%
Economic Trust Ltd.	Feb.	Cochran & Hay	...	Com.	2,500,000 shs.	par	$50
Economic Trust Ltd.	Feb.	Cochran & Hay	Cum. Red. Pref.		2,500,000 shs.	par	$100

Insurance for Buyer and Seller

Partnership Insurance; Points to be Considered

Desirable for Survivor to Buy Out Deceased Partner

PAY TO PARTNERSHIP

By E. H. POOLER,
Imperial Life Assurance Company.

Partners can use business life insurance to absorb the shock which would be caused to their business through the death of one or more of them. They may protect their credit with business insurance contracts, but perhaps the main use to which business life insurance can be put in connection with a partnership is for the purpose of retaining the ownership of the business in the hands of those who remain active in the business.

Before considering business insurance and its relation to partnerships, we should have a clear idea as to what constitutes a partnership.

A partnership is formed where two or more parties join together to carry on business for their mutual gain. It is not necessary that they have a partnership agreement—in fact, in the partnerships which I have come across, I would say that there are more partnerships which have no agreement than those who have taken the precaution of putting their affairs on any kind of a business agreement basis.

There are some important points to remember with regard to partnerships:

Each partner is responsible for all debts of his firm. In other words, if the assets of the business are not sufficient to pay off the firm's obligations, they may seize the personal assets of the partners. If one partner has no money and the other partner is wealthy, the creditors will take the wealthy man's money. If a wealthy partner should die and his death causes the bankruptcy of the business, the surviving party having no money, they would attack the estate of the deceased partner in order to satisfy the creditors' claims.

Partnership Ended by Death

Another important point is that a partnership automatically terminates on the death of a partner, and the surviving partner is faced with the necessity of choosing between three alternatives, which are:

1. That he may carry on with the estate, or the widow, or the lawyer of the widow of his partner interested in the business.
2. That he may sell out the business and divide its assets, or
3. He may buy out the deceased partner's interest himself.

If he carries on with the estate of the deceased partner, or the widow of the deceased partner interested in the business, this means that the surviving partner will be greatly hampered in carrying on by the fact that without a new agreement he bears full responsibility, must bear all losses, and will have to share his earnings with an inactive partner.

May Sell Out Business

The next possibility is that the surviving partner may sell out the assets of the business and divide them. This will mean sacrificing its value as a going concern, and a loss, not only to the surviving partner, but also to the deceased's partner's widow.

The third prospect, that is, that the surviving partner should decide to buy out the deceased's estate and carry on by himself (or with a new partner whom he might find), means that the difficulties which we have dwelt on in connection with the other alternatives are eliminated.

The important point to consider in this is—where is the surviving partner to obtain the money at the time of his partner's death, to look after the creditors of the business and of the bank who may be clamoring for settlement? It may be that there are personal creditors of the deceased's to take into account. It means that in buying out the widow of his late partner, he must henceforward furnish the entire working capital and new credit relations will have to be established.

It is very obvious that the desirable alternative is that the survivor should buy out the deceased—and if he has the money, all well and good.

Life Insurance Provides Money

It is the mission of life insurance to help him provide the money to do this very desirable thing. A life insurance policy on the life of the deceased party payable in accordance with a definite agreement between the partners would enable the survivor to buy out the deceased's interest, and would also enable him to re-establish credit of the business and clear up any debts which the firm may have.

A word or two as to how policies in connection with a partnership should be written.

To-day there are literally millions of dollars of business life insurance in force written incorrectly. In other words, the policies to which I refer will not do a thing for which they have been sold when the time comes that the policies are payable by reason of death.

This is particularly true in the case of limited companies.

In those types of business insurance which are purchased with the idea of covering the stock and protecting the credit of a partnership, it would certainly appear to be correct for the policies to be applied for by the partnership and made payable to the partnership—the premiums to be paid by the partnership, who should have the absolute title to the policies.

However, in the stock and control retaining use of business life insurance, if a policy is made to the partnership, it means that it will have to be included in the partnership assets, unless there is a definite agreement between the partners to the effect that it shall be treated differently.

With regard to the drawing up of the policy, perhaps the best way of arrangement would be for the two partners, or three partners, as the case may be, to agree upon the value which is to be placed on their interest in the business during their lifetime. They could from time to time agree on the value to be placed on their interest in the business for the next ensuing year.

Then with the other clauses in the agreement worked out properly, and the value definitely determined, there is no necessity for differences of opinion or arbitration at the time when one of the partners finally goes.

Asset of Partnership

The agreement should also make clear that the cash value of the remaining life insurance policy is an asset of the partnership. The surviving partner should have the right to purchase and should be obligated to purchase from the estate of the deceased party, the interest of the deceased party in accordance with the price arrived at in the agreement.

The agreement should provide that the proceeds of the life insurance policy are to be used by the surviving partner for this purpose, and that the balance, if any, of the purchase price be taken care of by the survivor over a limited period of years.

The agreement should also provide for termination of partnership and as to what will happen with regard to the life insurance policies in that eventuality.

Best Not Taken as Asset

However, in most partnerships it would not appear advisable that the life insurance money be taken into account as an asset of the partnership in the readjustment of the business at the date of death of one of the partners.

They bought the policies with the purpose in mind of buying one another's interest, and if they are going to increase the value of the business and, consequently, make a larger amount of cash necessary for its purchase, they are not taking the best way about it.

It is not intended to increase the deceased's estate by reason of the partnership insurance, but only to protect an asset which he already has and to bring about its conversion in cash immediately on his death.

If the man wants to increase his estate, let him do so by personal insurance paid for by him personally entirely outside of the partnership.

Let the partners leave the business insurance out of the partnership and in the agreement between them, state definitely that the proceeds of the life insurance policy which falls in by reason of death, and the cash value of the other policy, are not to be considered as assets of the partnership, but are to be dealt with in accordance with the agreement which would be worked out along the lines just described.

Questions Which Partners Should Have Answered

1. If one of us should die, how is the value of his interest to be fixed; and where is the survivor to get the money to pay off the deceased's heirs?
2. How is the family of the deceased partner going to manage while the firm is being closed out and no income from the business is being realized?
3. How is the surviving partner going to secure funds to pay off creditors, including the banks, when the announcement of a death is alone sufficient to close up practically all sources of credit and to precipitate a demand for cash from all directions?
4. Does the surviving partner realize that creditors may proceed at once against his individual fortune in order to secure their debts, and that they would prefer to do so because they know that the estate of the deceased partner is to be tied up in the courts and that they may have to wait a year or eighteen months for the settlement of their claims if they proceed against that estate instead of the surviving partner?
5. Do the partners know that, without a proper form of agreement, the business will have to be sold at once and that such a sale would inevitably reduce the value of their interests and entail a serious loss?
6. Do the partners know that if one of them should die in debt to the firm, as is frequently the case, the estate of such deceased partner might be called upon to settle such indebtedness at once in cash?

Metropolitan Life Has Two Billions in Assets

The Metropolitan Life Insurance Company has grown to be the largest financial institution of any kind in the world, with assets of more than $2,000,000,000 that are increasing at the rate of a billion dollars every four years, Haley Fiske, president of the company, declared last week in opening the annual convention of Metropolitan field managers.

"We are a quarter of a million ahead of Lloyd's and a half a million ahead of the Bank of England," said Mr. Fiske, as he announced that the assets of the company stood at $2,108,004,385 at the end of 1926, the increase for the year having been $253,346,903.

The production of $3,011,775,150 of life insurance also was a feature of the year 1926, it being the first time that any company ever has passed the three-billion dollar mark in placed business in a single year. In comparison with the figures issued by the Association of Life Insurance Presidents, the Metropolitan placed that year one-fifth of all business reported by the 300 companies doing business in the United States and Canada. The company placed 42 per cent. of all Industrial insurance reported, 13½ per cent. of the Ordinary and 31 per cent. of the Group.

These 300 companies now have in force a total of $80,000,000,000 of insurance, and the Metropolitan with $13,498,981,627 in force at the end of 1926, had one-sixth of the entire amount. This total in force is divided among Industrial, $5,487,800,648; Ordinary, $6,566,596,872 and group $1,444,584,107. In addition, it has in force, $597,291,400 Accident and Health insurance, with $6,006,585 weekly indemnity.

The Metropolitan's income in 1926 totaled $595,596,506, the increase over the preceding year being $64,368,062. The number of policies in force in all departments, including group certificates, totaled $595,596,506, the increase over totals 38,204,585, insuring 24,500,000 lives.

Issue Insurance Licenses

Dominion insurance license has been issued to the Pioneer Insurance Company, authorizing it to transact fire insurance.

D. W. W. Revie, Winnipeg, Man., has been appointed chief agent in Canada.

[Ad No. 4 in a series on Business Mortality]

How Long Does a Manufacturing Business Live?

Do you sell to Manufacturers? If so, do you know how long your customers will "live"? Here are tables representing a study of thousands of cases, compiled by the Bureau of Business Standards of the Shaw publications.

Furniture	6.5	years
Flour and Grist Mills	10.7	"
Iron Works	8.6	"
Printing	6.7	"
Lumber and Timber	7.0	"
Boots and Shoes	7.5	"
Cigars and Tobacco	7.5	"
Hosiery and Knit Goods	10.0	"
Creamery Goods	5.0	"
Brass, Bronze and Copper	5.4	"
Clothing	9.2	"
Drugs	5.3	"
Automobile	5.0	"
Carriages and Wagons	7.0	"
Average for these 14 Leading Lines	7.2	"
Average for 213 Other Lines	6.8	"
General average for Manufacturing Concerns	7.0	"

The average life of your possible customers is only seven years. Many of them are undoubtedly at this dangerous age *right now*. You can't know exactly when they will fail, *nor can you prevent it.* But you *can* safeguard your resources against the consequences—with one of our policies of Credit Insurance.

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The AMERICAN CREDIT-INDEMNITY COMPANY
of New York —— J. F. McFadden, President

R. L. MULLEN, General Manager for Canada,
Toronto Office, 1702 Metropolitan Bldg. Phone: Main 4316
Montreal Office, Canada Cement Bldg. Phone: Lancaster 3258
KR 398

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AUTOMOBILE—BURGLARY
—GUARANTEE

THE
CANADA NATIONAL FIRE
INSURANCE COMPANY
HEAD OFFICE: WINNIPEG, CANADA
TOTAL ASSETS $2,928,337.62
TORONTO, 24 Adelaide St. W.
W. H. GEORGE
Superintendent of Agents

Capital: $1,000,000
Reserve: 350,000
Complete
Trust Service
covering
Wills and Trusts
Mortgage Loans
Real Estate and Investment
Registrar and Transfer Agents
Safety Deposit Vaults
THE
EASTERN TRUST
COMPANY
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Charlottetown, P.E.I.
MONTREAL—138 St. James St.
23

THE MONARCH LIFE
IS A
GOOD COMPANY
Provincial Offices: Toronto, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Vancouver, Victoria.

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TOTAL BENEFITS
Paid to Members and their Beneficiaries
$87,000,000.00
Policies Issued from $1,000 to $5,000
G. E. BAILEY, Secretary
W. H. HUNTER, President
ALEX. STEWART, Treasurer

WHO PAYS?

Some one in your family MUST pay for life insurance.

It may be paid by the father and husband at the cost of a few luxuries, in the time of his strength and earning power—

OR

It may have to be paid for in privation by those who love him, in the time of their anguish.

But SOME ONE always pays.

Your action or inaction decides whether it will be them or you.

SUN LIFE ASSURANCE COMPANY
OF CANADA
Head Office: Montreal

NORTHWESTERN MUTUAL FIRE
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SEATTLE, WASHINGTON
Head Office for Canada: HAMILTON, ONTARIO
Writing Fire Insurance at Cost Assets $3,118,764.07
ALL POLICIES DIVIDEND PAYING AND NON-ASSESSABLE.
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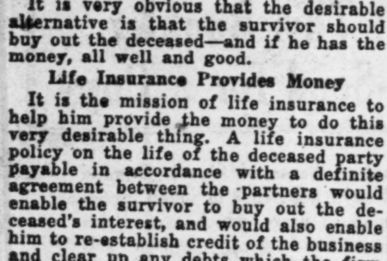

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Condensed Annual Statement

	1926	Increase over 1925
New Business Issued (Ordinary)	$ 72,205,135.00	$ 688,778.00
Business in Force (Ordinary)	453,758,333.00	36,055,175.00
Income	21,812,121.15	2,333,325.99
Assets	83,520,345.92	10,343,376.18
Liabilities	80,267,266.37	10,091,868.33
Gross Surplus Earned	4,086,872.35	124,470.00
Provision for Future Profits to Policyholders	8,314,525.00	1,078,453.00
Unassigned Profits and Contingency Reserve	3,153,079.55	351,507.85

The Surplus Earned in 1926
$4,086,872.35
was the largest in the Company's history

During 1927 the Company will pay
Increased Profits to Policyholders

The Great-West Life
ASSURANCE COMPANY
HEAD OFFICE — WINNIPEG

Current Events in Banking World

BANKER SEEKS MEANS TO STOP EVIL OF KITING

Manager Says it is More Costly Than "N.S.F." Check Habit

Managers of branch banks in all parts of Canada have contributed articles to The Financial Post on the N.S.F. check evil and various plans have been suggested to put a stop to the practice which is costly to the banks in more ways than one. A manager of an important Toronto branch who has followed the discussion closely says that, when the question is considered on all sides, the remedy is the obvious one which lies within the province of the individual manager. That is, he would have the habitual writer of N.S.F. checks withdraw his account from the branch.

Of course, competition is keen between branches and no manager likes to lose an account if it possibly can be avoided. But if all the managers adopted the rule against keeping open an account of a man who designedly and wilfully continues the practice of issuing N.S.F. checks, the habit would be soon discouraged. This assertion is made with full knowledge that the customer who is ordinarily careful and who usually keeps a fair balance to his credit, once in a while will issue an N.S.F. check. The closing-out rule should be applied to the habitual offender. A telephone call to the man who unintentionally overdraws his account usually will bring a deposit hastily to the bank.

In the opinion of this manager, who claims to have eradicated the N.S.F. evil from his branch by the method suggested in the foregoing, a far worse evil is the kiting of checks and he thinks that managers should pay close attention to suspicious accounts with a view to prevention of kiting. There was a ring uncovered a few years ago which perpetually had the use of from $8,000 to $10,000 without payment of interest.

Kited to Save Job

There was another case of a salesman who opened an account in a branch in his home district, explaining that, while he had an account downtown, he was home to lunch every day and it was a convenience to have banking accommodation in the neighborhood, He started with a good balance. But while there were frequent deposits there were also frequent withdrawals. Watching the account, the manager noticed repetition in amounts and occasional repetition of names.

The depositor was called into the office and confronted with the evidence. He admitted the kiting and said that he already had been thrown out of two other branches. He explained that his boss had ordained the practice. Failure to attempt to carry it out would have meant loss of the salesman's job. The other salesmen were also in the ring. There was a neat addition to the working capital of the boss's business by this practice. But a little co-operation with the managers of other branches concerned soon stopped this practice.

Monthly Bank Clearings

(In comparison with same month last year).

Eastern Cities	Jan., 1926	Jan., 1927
Halifax	$13,390,887	$13,021,236
St. John	11,451,202	11,264,095
Moncton	3,514,740	3,961,801
Quebec	23,599,720	25,476,827
Sherbrooke	3,108,345	3,587,304
Montreal	411,663,391	474,437,219
Ottawa	25,999,393	26,451,654
Kingston	2,886,004	2,958,926
Peterboro	3,055,868	3,739,527
Toronto	407,898,163	512,802,497
Hamilton	19,590,474	22,424,319
Brantford	3,989,563	4,640,192
London	11,023,528	13,201,261
Kitchener	5,153,308	4,517,366
Windsor	13,927,053	16,687,365
Total, East	959,251,659	1,139,171,589

Western Cities	Jan., 1926	Jan., 1927
Fort William	$ 3,887,622	$ 3,442,593
Winnipeg	202,911,318	186,980,986
Brandon	2,135,976	2,200,520
Regina	18,667,226	17,766,630
Moose Jaw	5,024,150	5,381,946
Saskatoon	7,675,968	7,230,330
Prince Albert	1,539,540	1,670,553
Lethbridge	2,779,092	2,196,287
Calgary	35,237,730	32,205,225
Edmonton	22,472,747	23,025,499
Medicine Hat	1,194,679	1,096,905
N. Westminster	2,764,200	3,139,985
Vancouver	73,298,095	74,237,750
Victoria	10,466,745	8,411,576
Total, West	390,055,083	369,086,785
Gr. Total	1,349,306,742	1,508,258,374

What to do When Bandits Appear

Recommended for Sunday Morning Reading For Bank Men

Particularly well-fitted by having been held up and robbed in his bank four times to give practical advice as to the best line of conduct to follow under such circumstances, Storm O. Whaley, cashier of the Bank of Sulphur Springs, Arkansas, has drawn up a set of rules for the guidance of his fellow bankers in case of need which are printed in the current issue of the American Bankers' Association Journal. Mr. Whaley, who his friends claim is the most held up banker in the United States, describes in detail his various sessions with the bandits, all of which included melodramatic gun flourishing and one of which resulted in murder, and then gives the following directions:

"Out of these four experiences I shall give, in the form of 'Bullet End Epigrams,' a summary of what I have learned.

"Keep cool, hold your hands high and make no motions that might be misunderstood, as the bandit is under an intense nervous strain and might mistake the most innocent action and begin to shoot.

"Talk quietly to the bandits if possible, as it lessens the tension.

"Study their features and compare their faces with some one you know. The noting of a small mole on the cheek of one bandit made his identification absolutely sure for me.

"Keep your note case away from your safe or money drawer during the day. They might think it contained bonds and take it. They usually ask: 'Where are your bonds?' I reply: 'I carry them with my city correspondence."

"Don't keep pistols where excited customers might seize them. Have them hidden where you can reach them when they leave.

"Carry heavy burglary insurance and keep the smallest possible amount of money in your safe and till.

"I have been locked in my vault so much that I have to wear colored glasses when I go out in the sun, and am thinking about installing a kitchenette in the vault to be sure of regular meals.

"Don't throw the vault door bolts so that the door cannot be locked without running the combination. This is dangerous. They are in a hurry. If they find the door will not close, you leave them nothing to do but to shoot you, knock you unconscious take you with them.

"I have a phone hidden in my vault. I can tell the operator just what to do.

"The best remedy for bank robbers is the death penalty. When they received life sentence they only smiled. When there was danger of the electric chair, they whined like curs.

"All were young men. Don't watch middle aged or elderly men. The young man who asks for change and looks around is spotting your help, doors and vault door. When they come, keep cool, hold them high, study their faces, obey orders and remember, your chance will come later."

Bank of Montreal

The Bank of Montreal has opened a branch at 3276 Bremner Street, Montreal, to be designated Park Avenue Extension branch. This office will be under the management of F. A. Allan.

New Nova Scotia Branch

A branch of the Bank of Nova Scotia has been opened at 1006 Kingston Road, Toronto.

Weekly Bank Clearings

(In comparison with the same week last year)

Eastern Cities	Jan. 28, 1926	Jan. 27,1927
Halifax	$ 2,510,235	$ 2,743,073
St. John	2,370,961	2,291,947
Moncton	689,390	758,225
Sherbrooke	622,855	750,074
Quebec	4,146,960	5,384,001
Montreal	81,644,843	106,146,648
Ottawa	4,621,963	5,269,698
Kingston	568,207	637,397
Peterboro'	663,492	762,407
Toronto	85,709,519	119,639,088
Hamilton	4,341,994	4,561,672
Brantford	779,110	1,013,191
London, Ont.	2,115,752	2,704,840
Chatham	....	818,066
Kitchener	868,727	908,437
Windsor	2,650,721	3,749,981
Total, East	$194,304,729	$257,320,679

Western Cities	Jan. 28, 1926	Jan. 27,1927
Fort William	779,207	743,941
Winnipeg	40,936,867	37,804,376
Brandon	398,631	400,479
Regina	4,543,264	3,177,409
Moose Jaw	926,550	1,016,788
Saskatoon	1,366,787	1,331,021
Prince Albert	315,420	329,947
Lethbridge	633,693	407,928
Calgary	7,730,826	6,994,246
Edmonton	4,387,986	5,319,955
Medicine Hat	194,403	190,867
New Westminster	624,555	661,285
Vancouver	20,392,319	16,490,090
Victoria	3,924,188	2,157,869
Total, West	$87,154,696	$77,026,201

McDougall & Cowans

Members of the Montreal Stock Exchange

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STOCK BROKERS

HALIFAX SAINT JOHN, N.B. QUEBEC
OTTAWA TORONTO WINNIPEG

MONTREAL

Direct Private Wire to all Branches and New York

Staff Gossip

S. C. Burns of the Bank of Commerce staff, at Dundas, is to be transferred to Brantford.—Herald, Hamilton.

* * *

Prescott Gardner, who for the past seven years, has been on the staff of the Liverpool branch of the Bank of Nova Scotia, left for Tatamagouche, where he has been transferred, temporarily.—Chronicle, Halifax.

* * *

A. B. Clark, of the Bank of Toronto, has been transferred to the London East branch, exchanging with A. H. Johnston who comes to Allandale. Mr. Johnston is a native of Toronto and has spent some years in the service of the bank in the West. He was in charge of the branch that was opened at Hudson when the gold rush to the Red Lake district began.—Examiner, Barrie.

* * *

The following out-of-town managers of The Dominion Bank came to Toronto for the annual meeting: John Scott, Orillia; R. K. Beairsto, Winnipeg; M. S. Bogert, Montreal; Robert Rae, New York; A. A. Atkinson, Vancouver; A. M. Cowie, Windsor; C. O. Fellowes, Ottawa; A. E. Gibson, Guelph; N. Evans, Hamilton; J. K. Muir, Montreal; Walter Watts, Chatham; J. G. Hall, Brampton; W. E. Scott, Belleville; J. W. Spragge, Cobourg; C. Waite, Napanee; W. E. Glenney, Huntsville; R. D. Boughner, Kitchener; B. B. Manning, London; C. N. Henry, Oshawa; W. A. Fisher, St. John, N.B.; P. C. Marsh, St. Thomas; R. M. Jones, Seaforth; D. T. Hepburn, Uxbridge; C. G. Carmichael, St. Catharines; F. A. Boulden, Gravenhurst; J. W. Maize, Leamington, M. E. Grant, Lindsay; W. H. McBain, Madoc; R. F. J. Ford, Niagara Falls; H. E. Stark, Welland; A. M. Bishop, Wingham.

* * *

Irvin Merkel, who has been teller in the Preston branch of the Bank of Montreal, for some time, has been transferred to the main office of the Bank of Montreal at Hamilton. F. J. Johnson, of Galt, who formerly was ledger keeper at the Bank of Montreal has been promoted to teller and has taken the position Mr. Merkel vacated, while Paul Julke has been promoted from junior clerk to ledger keeper.—Reporter, Galt.

Automobiles Principal Product

The value of production of all iron and steel industries in Canada during 1925, the latest year for which complete statistics are available, was $378,434,934. Automobiles represent the leading item of production from the standpoint of value, with an output of $110,835,380, followed by castings and forgings with $55,215,271, pig iron, steel and rolled products, $37,888,411, sheet metal products, $34,498,193, and machinery $30,097,863. Capital employed in these operations amounted to $538,180,775, cost of materials $206,115,001, and the value added by manufacture $172,319,933.

CPTCo

Are You Confident Your Will is Right?

A MAN who takes these three precautions will secure real peace of mind about his will.

1. Have a lawyer draw the will.
   That saves the danger of litigation made possible by technical irregularity.
2. Discuss its practical provisions with this Company.
   Our wide experience in Executorship might suggest a more practical method of achieving the result in mind.
3. Name the Canada Permanent as Executor and Trustee.
   That places all the experience and all the corporate judgment of this Company at the service of the family. They are assured a permanent executor, a responsible trustee, a regular income.

For the sake of your own peace of mind and your family's happiness, make sure your will is drawn and executed so as to secure the very important ends you have in view.

THE CANADA PERMANENT TRUST Co.
Paid-up Capital One Million Dollars
Toronto Street Toronto.
Manager, Ontario Branch - A. E. HESSIN
25

With six steamers sailing away at once and ten more at the piers or in the stream waiting to load coal, steam or to take bunkers, the Sydney, N.S., shipping season is continuing with unusual briskness for this time of the year.

New Issue.

$400,000.00

Lindsay Industrial Alcohols
Limited
DISTILLERS

7% Cumulative Preferred Stock ($100 par value)

The Cumulative Preferred Stock is to be fully paid and non-assessable; preferred as to assets and dividends; entitled to cumulative preferential cash dividends at the rate of 7 per cent. per annum, payable quarterly at the Bank of Montreal, Toronto, Ontario, or Lindsay, Ontario. Dividends payable at par 1st March, June, September and December. Dividends accrue from date of issue. Redeemable in whole or in part at the option of the Company on any dividend date at $105.00 per share and accrued dividends.

Transfer Agents: Toronto General Trusts Corporation
Registrar: Royal Trust Company
Auditor: Clarkson, Gordon and Dilworth
Bankers: Bank of Montreal

CAPITALIZATION

7% Cumulative Preferred Stock ($100 par value)	$500,000		
In the Treasury		$100,000	
This Issue		400,000	
(Of this amount $70,000 has been subscribed and paid for)			$500,000
Common shares (without nominal or par value)	50,000		
In the Treasury		10,000	
Used in part to purchase the properties		40,000	
		50,000 shares	

BOARD OF DIRECTORS

Sir Henry M. Pellatt, C.V.O., Toronto; Frederick Diver, Diver Electrotype Co., Toronto; John Carew, John Carew Lumber Co., Ltd., Lindsay; T. P. Phelan, Canada Railway News Co., Ltd., Toronto; P. B. Gardiner, Gardiner & Wardrop, Brokers, Toronto; Thomas Hodgson, Manufacturer, Lindsay; Rhys D. Fairbairn, Financial Broker, Toronto.

OFFICERS

President, Sir Henry M. Pellatt, C.V.O.; Vice-President, Frederick Diver; Managing Director, Thos. Hodgson; Secretary and Treasurer, Rhys D. Fairbairn

SOLICITORS

Miller and Hunter, Toronto; McLaughlin, Fulton, Stinson and Anderson, Lindsay.

The issue and sale of preferred stock of Lindsay Industrial Alcohols, Limited, referred to above, is made in order to provide funds to be used in connection with the purchase of property; rehabilitation of premises; purchase of equipment and for working capital.

Summary of information supplied by Mr. Thomas Hodgson, Managing Director of the Company, in his accompanying letter:—

THE LINDSAY INDUSTRIAL ALCOHOLS LIMITED has been incorporated under the Dominion Companies Act. By its charter and by license from the Government the Company is empowered to carry on the business of Distillers and to buy, sell, deal in, distribute, store, warehouse and export Alcohol and denatured Alcohols and all by-products thereof.

DISTILLERY PLANT AND BUSINESS.

The Company has acquired the land and buildings of the cereal mills at Lindsay, Ontario, on the Scugog River, and has converted them into a Distillery. The Company has installed therein a modern distillery plant, operated on the "Continuous System," with boiler house, fermenting room, yeast room, steel storage tank, grain elevator, and all other requirements for the efficient conduct of the business.

The Distillery has a capacity of 1,000,000 gallons per annum. During the present year, which will be the first year of its production, the production and costs are based on a production of 500,000 gallons. This plant is now in operation.

THE CHEMICAL PLANT—The Company has acquired the entire assets of the Hodgson Brothers Chemical Company, Limited, of Lindsay, Ontario, where it is now manufacturing Methyl Alcohol, Charcoal and Acetate of Lime. This plant has been in operation for ten years.

REFINING PLANT AND FORMALDEHYDE PLANT—One of the buildings is now being converted into a modern plant to refine crude Methyl Alcohol.

There will also be a plant for the manufacture of Formaldehyde: the building is now available and the manufacture of the product will be entered upon some time during the present year.

APPRAISALS.

The properties and buildings have been appraised by the Carswell Construction Company, Limited, Engineers, of Toronto, and by Catto and Catto, Architects, Toronto; the plants and machinery by Mr. Alexander Paquette, Engineer, of Montreal, and by Mr. J. L. Hutcheson, of Booth, Coulter Copper & Brass Company, Limited.

COST OF MANUFACTURE

All products of the Company can be manufactured at Lindsay under exceptionally favorable conditions, for the following reasons:—

ASSESSMENT—A fixed assessment has been secured from the town of Lindsay.

SHIPPING—All plants of the Company are located on sidings having connections with the Canadian National and Canadian Pacific Railway Companies, and are also situated on the Trent Valley Canal System, giving water communication with either Lake Ontario or Georgian Bay.

WATER POWER—The Company owns abundance of water power and there is a raceway beneath the distillery which will carry off all waste. Hydro power is available and labor conditions in the town of Lindsay are very favorable.

MARKETS FOR THE PRODUCTS

DISTILLERY—The sale of approximately 70% of the first year's estimated production is now assured, and there is a market for the balance immediately available.

CHEMICAL PLANTS—Methyl Alcohol will be refined in our own plant. Fifty per cent. of the refined product will be used by the distillery and the balance can be readily sold at market prices.

CHARCOAL AND ACETATE OF LIME—The whole output has already been sold at prevailing prices.

ASSETS

APPRAISED VALUES: (After Financing and Completion of Work).

Distillery	$214,100.00
Chemical Plant	108,145.00
Refining Plant	32,020.00
Formaldehyde Plant (not yet in operation)	18,900.00
Water power, including machinery	45,000.00
Working Capital	210,000.00
	$628,165.00

EARNINGS (ESTIMATED)

DISTILLERY—Net profits	$175,000
CHEMICAL PLANT—Net profits	24,000
REFINING PLANT—Net profits	4,500
	$203,500

THE NET EARNINGS of the Company after providing for all overhead operating expenses, interest, taxes and depreciation will approximate the sum of $150,000 per annum, or more than five times the dividends on the Preferred stock now subscribed.

FINANCIAL POSITION:

The properties of the Company will be free from encumbrance of any kind whatsoever. No valuation has been placed upon the charter, license or goodwill.

PURPOSES OF THE ISSUE:

The proceeds from the sale will be used in payment of the balance of the purchase money for the buildings and the installation of plant and equipment in the Distillery, Refining and Formaldehyde Plants, amounting to $190,000, and the balance for working capital.

MANAGEMENT.

Mr. Thomas Hodgson of Lindsay, who has managed the Chemical Company for the past ten years, will be Managing Director; Mr. Rhys D. Fairbairn of Toronto will have charge of financing and selling.

Bonded Warehouse: 19 River Street, Toronto.

PRICE: $100 and accrued dividend per Share,
Each Preferred Share will carry a bonus of two Common Shares
without nominal or par value.

It is intended in due course to apply to have these shares admitted to the unlisted department of the Toronto Stock Exchange.

RHYS D. FAIRBAIRN
Financial Broker
204 McKINNON BUILDING *Telephone MAin 6498* TORONTO 2, ONT.

The statements contained in this circular are not guaranteed, but are based upon information which we believe to be reliable.

PLAN TO FINISH SYDNEY'S HOTEL BY CHRISTMAS

Will Have 80 Rooms and Cost Will Be About $300,000

From Our Own Correspondent.

SYDNEY.—Sydney's new $300,000 community hotel is to have 80 rooms and will be operated by Associated Canadian Hotels.

The directors have also made a new deal for the proposed fine harbor site, giving $30,000 cash for the property instead of $38,000 in stock and $2,000 cash as at first proposed.

By the terms of the contract for operation, all revenue funds are to remain in the possession of the local (Community) company which will issue all necessary cheques. The operators (Associated Hotels) receive a retaining fee of $3,200 a year, and will supply a manager whose salary will be paid from revenue. The operators also undertake to meet from revenue all operating expenses, taxes, insurance, and depreciation of two per cent. on buildings and eight per cent. on furniture and equipment. After that comes the 7 per cent. preferred dividend, and any profits over and above the foregoing expenditures are to be split 50-50 between the operators and the local company.

The building will be of fire-proof construction and will be ready for occupancy before Christmas, 1927.

F. L. Campbell, of the Hockenbury firm which financed the Sydney hostelry. and J. D. Kearns are now in Halifax going over plans for a similar undertaking there.

FOREIGN EXCHANGES

Gold Moves to N.Y. at Profit

Conducted by S. J. ZACKS.

The week was marked by the cumulative effect of the continued operation of certain factors in evidence during the past month. Accumulation of gold at New York, with London a contributor, affected the supply of credit and money rates in New York and London and other money markets. Conditions were favorable for the movement of gold from London to New York at a profit. Speculative purchases of Spanish pesetas and kroner again featured the exchange markets, with buying more far-reaching than ever and new highs established.

The weakness in sterling has been brought about by the lowering of money rates in London without a corresponding decline at New York, the general hesitancy of money rates in London, along with the after effects of the coal strike, involving imports necessary to rehabilitation of industry, as well as uncertainty over the Chinese situation.

Will Rediscount Rate Rise?

The decline of money rates in New York this week, bringing with it a further impetus to business, has brought wonderment upon the brows of the befuddled observer. Call money and rates on 60 to 90-day paper declined perceptibly. The federal reserve rate is still below these, and whether or not the decline will induce the federal reserve board to action is problematical. In any event it will relieve the strain on sterling shipments.

London is Cheapest Market

Last week the Lombard Street rate was 1 per cent. below the New York rate and we have witnessed gold shipments from London as result. The lower rate in London is a complete reversal from conditions which existed last year. Of what is it indicative? Does London no longer want to encourage short term balances? Is London gradually returning to its former position as the cheapest money market in the world? Or is New York going to maintain the differential by coming down every time London does? To what extent will the harmony and close co-operation that has existed between the Bank of England and the federal reserve board continue should London feel that it is ready to emerge as the cheapest money market?

French francs touched a new low this year and movements in this currency are under strict scrutiny. For some time the franc has been pegged at about 3.96 cents. It is now rumored that the peg is to be removed and the franc is to have a little more freedom in its fluctuations, but no violent fluctuations will be permitted. The Bank of France has the franc more under its control than at any previous time. Francs have been offered 30-day delivery at a discount of two points under spot as a result of the above rumors. Future trading in francs has, of late, been at a minimum.

France Creates Reserve

Continued export of gold from France to the United States arouses comment, especially in view of the fact that French foreign obligations maturing in 1927 are all provided for by the purchase of foreign bills. The gold which has been shipped is not drawn from the Bank of France, but was purchased from hoarders at the market price. France could have met her maturing obligation by the foreign bills which she has purchased. The one explanation of the gold exports to the United States appears to be the creation of a reserve from her own resources.

How will this credit be used when France resumes gold payments, as she no doubt soon will? How much more gold can France ship? What effect will those shipments have upon debt negotiations?

New York Funds

	High	Low	Last Year High	Last Year Low
Jan. 27	5-32	5-32	7-32	3-64
Jan. 28	5-32	5-32	13-64	13-64
Jan. 29	5-32	9-64	13-64	11-64
Jan. 31	5-32	5-32	3-16	11-64
Feb. 1	5-32	5-32	13-64	3-16
Feb. 2	5-32	5-32	7-32	13-64

STERLING, FRANCS AND LIRE

	Sterling Close	Francs Close	Lire Close
Jan. 27	4.84 11/64	3.94	4.30¾
Jan. 28	4.84 11/16	3.93¾	4.28¼
Jan. 29	4.84⅝	3.93½	4.28½
Jan. 31	4.84⅝	3.93¼	4.27¾
Feb. 1	4.84 11/16	3.92¼	4.25½
Feb. 2	4.84 11/16	3.93¼	4.27¼

FOREIGN EXCHANGE

Par		Jan. 26	Feb. 2
19.30	Italian	4.31	4.28
32.45	Brazilian	11.75	12.12
23.82	German	23.74	23.74
19.30	Belgium	2.79	2.79
84.85	Japan	48.87	48.90

Was It Wet Propaganda?

Toronto Star and Toronto Telegram are each claiming credit for the first announcement concerning the new 1,000-room hotel for the city, being erected by the C.P.R. The project was first and exclusively announced in The Financial Post of November 26 last. Size, site, cost, etc., were all exact in every detail. Only the name of the sponsors, the C.P.R., was not mentioned by The Post at that time, for, as was explained at that time, the backers wished to avoid the appearance of interfering in Ontario's elections.

The Star at that time suggested The Post's story was election propaganda. The following parallel columns are of interest in that regard:

From Toronto Daily Star Nov. 26, 1926.	From Toronto Daily Star, February 2, 1927.
May Be Wet Propaganda? To-day's issue of The Financial Post carries a report under a New York date line which savors of election propaganda, to the effect that a new $8,000,000 giant hotel is to be erected in this city after December 1, provided Toronto goes wet. According to The Financial Post, the hotel is to have 1,000 rooms.	President E. W. Beatty to-day announced that the C. P. R. had acquired the Queen's Hotel, Front Street, and would erect on its site a 1,000-room hotel. The decision of the board to go ahead with the Toronto hotel plans was made last month as a part of the settled policy of the C. P. R.

The Telegram reproduced The Post's story on the day it appeared and it was carried by the Canadian Press across Canada. American newspapers gave it considerable prominence.

CITY DAIRY CO. EARNINGS AGAIN AT HIGH FIGURE

Profit, After Preferred Dividends is 40 Per Cent. on Common

The 1926 report of City Dairy Co. is the conservative document that the investment public has come to expect from this company. The actual trading profit shown, $270,490, is only $4,160 more than for 1925. But this is $10 profit per share of common, after payment of the 7 per cent. preferred dividends and the most liberal appropriations for depreciation and reserve. This $10 earnings per share of common is more than 40 per cent., as the par value of the common is $25.

Just how conservative the report is does not appear unless a comparison is made with one of several years ago. In 1920, for instance, the company had outside investments of $300,747; while the report just issued shows investments totaling $1,157,772. This figure was an increase of $105,201 over 1925.

Writes Down Assets

In the six years from the end of 1920 to the present, the total assets of the company, as shown in the balance sheets, have increased only $172,334, or from $2,066,317 to $2,238,654, while the investments grow by $857,025. The explanation of failure of revealed assets to grow in proportion to investments lies in the systematic and liberal writing off of plant, buildings and equipment for depreciation.

Real estate, plant and equipment valued at $1,487,776 at the end of 1926 are shown in the 1926 balance sheet as worth only $772,754, which is a drop of $715,022 or nearly 50 per cent.

Liberal allowances for depreciation are in accordance with sound business policy and scientific accountancy, yet there are probably few persons with any knowledge of City Dairy who would not declare that the real estate, plant and equipment is worth more now than it was six years ago. It is true that the buildings on Spadina Crescent are not new and perhaps if they were to be replaced to-day they would be of a somewhat different type. Yet the buildings are well adapted to the company's business. They have been well maintained and the equipment used is thoroughly up to date. The company does not overlook any improvements in machinery or processes which will facilitate its business.

Besides the central distributing plant on Spadina Crescent, Toronto, City Dairy owns a large dairy farm from which it procures a portion of its milk, and it also owns the entire outstanding capital stock in the Dri-Milk Co., which owns and operates plants at Courtland, Simcoe and Listowel, Ont. The business of Dri-Milk Co. is said to be profitable.

As To Goodwill

City Dairy Co. lists good-will among its assets at the nominal value of $1. This, of course, is in accordance with modern accounting practice. Yet it is noteworthy that the report of the president remarks that the goodwill of the company's customers is the company's greatest asset. It is also stated that the strong financial position of the company has enabled the company to buy the best equipment available. This has enabled it to keep fixed charges low, with beneficial results both to shareholders and customers. It is asserted that a better quality of dairy products, for less money, is sold in Toronto than in any other city on the continent.

As will be seen by the accompanying table, City Dairy common stock has been selling at prices inconsistent with the current dividend. The investment public evidently has realized shares in this company, with its policy of writing down assets and building up reserves, must appreciate in value, assuming that the existing capable management continues and the community it serves does not retrogress.

Profit and Loss

	1926	1925	1924
Net profit	$278,490	$274,330	$248,456
Other income	....	....	37,206
	$278,490	$274,330	$285,662
Preferred div.	49,000	49,000	49,000
Common div.	90,400	67,800	64,975
Adj. dep. res. 1922	....	....	28,379
Balance	$139,090	$157,530	$143,308
Prev. balance	450,151	292,621	149,313
P. & L. balance	$589,242	$450,151	$292,621

Market Record

	Common High	Common Low	Preferred High	Preferred Low
1925	90½	65	110	104½
1926	85	65½	116	107
1927x	91	79	115	112

x—To Feb. 1.

Say Holt Sells, as Wood Buys

There are fairly definite rumors circulating in financial districts that the Toronto group which long held control of Brazilian Traction, again controls a majority of the voting stock. There has been heavy buying in recent weeks. The Toronto group is headed by E. R. Wood. Strategy and cash are said to have won the fight for control.

While the Toronto group were buying in it is asserted, the Montreal group was selling. There was believed to be an alliance between the Montreal group and the Leowenstein interests which some time ago offered Brazilian shareholders an exchange of their stock for stock in the Leowenstein holding company.

Sir Herbert Holt is reported to have sold a large part of his holding in Brazilian, acquired at much lower levels. Ostensibly the sales went to a widely scattered investment public, but actually, it is said, the voting rights are concentrated in a small group in Toronto.

Great West Life New Business $72,000,000

New records in every item of business are shown by the annual statement of the Great-West Life Assurance Co., which held its annual meeting in Winnipeg this week. New business issued by the company during 1926 amounted to $72,205,135, which brings the total for business in force up to $453,758,333. The company's assets increased by more than $10,000,000 and now stand at $83,520,000. The surplus earned in 1926 amounted to $4,086,872, which is the largest ever shown in the company's history. It is announced that during 1927 the company will pay an increased scale of profits to their policyholders. A summary of last two statements shows the following:

	1926	1925
New bus. issued	$ 72,205,135.00	$ 71,516,357.00
Bus. in force	453,758,333.00	417,703,158.00
Income	21,812,121.15	19,478,795.16
Assets	83,520,345.92	73,176,969.74
Liabilities	80,267,266.37	70,375,398.04

Victoria Trust Earnings Increased During 1926

Victoria Trust and Savings Company had increased earnings in 1926 and, after paying usual dividends and putting an increased amount to reserve, it added to its profit and loss surplus.

Comparative figures follow:

Profit and Loss

	1926	1925	1924
Earnings	$123,431	$118,015	$109,308
Tax reserve	11,000	11,000	10,000
Off. premises	2,000	2,000	2,000
	13,000	13,000	12,000
	$110,431	$105,015	$ 97,308
Distribution—			
Dividends	72,000	72,000	72,000
Reserve	35,000	30,000	25,000
	107,000	102,000	97,000
Balance	$ 3,431	$ 3,015	$ 308
Prev. bal.	11,414	8,399	8,091
	$ 14,845	$ 11,414	$ 8,399

Nine Years' Earnings

Year	Paid-up Capital	xNet Profits	Div.	% Pref. Av. Cap.	†Earn. Rate
1926	$800,000	$110,431	9	13.8	7.8
1925	800,000	105,015	9	13.1	7.6
1924	800000	97,308	9	12.1	7.2
1923	800,000	82,683	9	10.7	7.4
1922	742,085	101,810	9	14.0	8.4
1921	703,566	91,158	9	13.8	8.3
1920	640,000	77,582	8½	12.5	9.1
1919	600,000	75,346	8	14.2	9.9
1918	500,000	58,774	7½	11.9	8.8

xReserve for Federal taxes, and amount written off premises deducted.

†Per cent. capital, reserve and balance at beginning of year.

The increase of business during 1926 is the greatest in the company's history. Interest collections for the year represent fully a year's earnings. As a result of the rise of sterling exchange to almost par it has been possible to resume the acceptance of funds from Scotland for investment in guaranteed investment receipts.

Canadian Terminals Soon Finish Construction

First annual meeting of Canadian Rail and Harbor Terminals was largely routine.

The big warehouse at the Toronto waterfront, which will be completed in March, is already occupied in part under rental contracts. Over 40 per cent. of the available space, when completed, has already been contracted for. During the year the business of the Toronto Terminals Warehouse Company was taken over.

The capitalization of Canadian Rail and Harbor Terminals, Limited, comprises $3,500,000 first mortgage 6½ per cent. bonds; $2,000,000 sinking fund 7 per cent. mortgage bonds; $1,200,000 7 per cent. debenture stock; $250,000 7 per cent. cumulative preferred stock; 200,000 shares of common stock without par value. Common stock was given as a bonus with 7 per cent. bonds on a basis of 5 shares for each $1,000 bonds purchased.

The Toronto Warehouse is the main unit in a group of terminal warehouses, extending from Halifax to Vancouver, being erected by independent companies, which, however, will be closely identified from a business standpoint. The Montreal warehouse is in course of construction now.

Brompton U.S. Subsidiary to Change Production

MONTREAL.—Shortly the Brompton Pulp and Paper Company will have completed the readjustments necessary to altering the production of its mill at Groveton, New Hampshire. In the past this U. S. subsidiary of Brompton has produced kraft paper; for the future the mill will produce a white-coated stock, for which there exists a good market.

One of the reasons why the common shares of Brompton have proved disappointing to the shareholders and have not appreciated along with other stocks in the paper group, has been the poor earnings which the parent company has obtained from its two U. S. subsidiaries, one of which is located at Groveton and the other at Claremont, N.H. For the future, better results are anticipated from these two subsidiaries.

Ontario Equitable Writes $7,800,000 New Business

New insurance written by the Ontario Equitable Life and Accident Insurance Co. of Waterloo, during 1926, amounted to $7,789,416, bringing the total insurance in force in that company up to $33,050,441. Although the volume of new business written in 1926 was not as great as in 1925, nevertheless the company improved its financial position and maintained the steady growth which has characterized the company since its inception in 1920. The company writes entirely non-participating business. Total income for the year was over $1,000,000, and surplus over liabilities amounted to $246,158. The rate of interest on the company's investments increased from 6.02 per cent. in 1925 to 6.55 per cent. in 1926. The company's assets now total $3,822,315, which is nearly three times the amount shown three years ago.

Weldon on Excelsior Board

I. H. Weldon, president Provincial Paper Mills, and vice-president Interlake Tissue Mills Co., has been elected a director of the Excelsior Life Insurance Company.

Wabasso Cotton Company Earnings Are Increasing

From Our Own Correspondent.

MONTREAL.—The first six months of the current fiscal year of the Wasbasso Cotton Company concluded December 31 and, during the period, it is understood that earnings showed a satisfactory increase as compared both with the preceding six months and with the corresponding period of the previous fiscal year.

During the current year the company has added several new lines to its output which, together with extensions to the plan, have combined to better the earning capacity of the property. It is said that the earnings during the first half of the year were in excess of twice the dividend requirements.

We Are Not Interested In Promotions

Our opinions on mining stocks and the analyses which we prepare at various times on mine and market conditions are not colored by any personal interests whatsoever.

To the investor we offer intelligent and unbiased information on mining shares. Should he then decide on a market commitment, we have all the facilities to accurately execute his commissions.

Drop in and see our new board room, and consult us with your inquiries.

FLEMING & MARVIN

S. A. Marvin R. H. Scarlett

ESTABLISHED 1909

STOCK & INVESTMENT BROKERS

320 BAY STREET, ELGIN 5206

NOTICE OF DIVIDEND

Wood, Alexander & James Limited

The regular quarterly dividend of 1¾% on the First Preference Shares of this Company has been declared payable 1st of February to shareholders of record at the close of business, January 24th.

By order of the Board.

W. J. CUNNINGHAM,
Secretary.

Hamilton, 22nd January, 1927.

Feb. 14th. Town of Fort Frances, Ontario, $25,000.00, Telephone, 5½%, 20 year, serial debentures.

H. E. Marr, Treasurer.

EST. 1867.

Kennedy Castings

Castings made to any size, in any quantities from any casting metal, Kennedy assures satisfaction, prompt service and fair prices on your orders.

The Wm. KENNEDY & Sons, Limited
OWEN SOUND, ONTARIO.
Representatives at: Cobalt, Toronto, Montreal, Halifax, Winnipeg and Vancouver.

BELDING CORTICELLI

DIVIDEND No. 49

Notice is hereby given that on the Preference Stock of this Company, the Directors have declared a Dividend of 1¾%, payable on the 15th day of March to Shareholders of record at the close of business the 28th day of February, 1927.

By Order of the Board,

W. P. MacDOUGALL,
Secretary.

LOBLAW GROCETERIAS CO. LIMITED

Notice is hereby given that quarterly dividends of 1¾%, being at the rate of 7% per annum, on the prior preference shares of the Company, and 25c. per share and a bonus of 25c. per share on the common shares of the Company have been declared, payable on March 1st, 1927, to shareholders of record at the close of business on February 15th, 1927. The transfer books will be closed from February 16th to February 28th, both days inclusive.

D. URQUHART,
Secretary.

Toronto, February 3, 1927.

Manufacturer's Finance Corporation, Limited

DIVIDEND NO. 9

Notice is hereby given that a dividend of 4 per cent. (being at the rate of 8 per cent. per annum) upon Paid-up Preference Shares of this Corporation has been declared for the half year ending December 31st, 1926, payable on the 15th day of February, 1927, to Shareholders of record December 31st, 1926.

By order of the Board.

W. M. McDONALD,
Secretary-Treasurer.

Toronto, Feb. 1st, 1927.

The Royal Bank of Canada

DIVIDEND No. 158

NOTICE is hereby given that a DIVIDEND OF THREE PER CENT (being at the rate of twelve per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter, and will be payable at the bank and its branches on and after Tuesday, the first day of March next, to shareholders of record at the close of business on the 31st day of January.

By order of the Board,

C. E. NEILL,
General Manager.

Montreal, Que., January 14, 1927.

The Canadian Bank of Commerce

The annual meeting of the shareholders of this Bank for the election of Directors, and for other business, will be held at its banking house, Nos. 23 to 25 King Street West, Toronto, on Tuesday, the 11th day of January next. The chair will be taken at 12 o'clock noon.

By order of the Board,

S. H. LOGAN,
General Manager.

Toronto, November 26th, 1926.

WAYAGAMACK PULP & PAPER COMPANY, LIMITED

Dividend No. 8

Notice is hereby given that a Dividend of Seventy-five Cents (75c.) per share has been declared on the No Par Value Common Stock of the Company, for the quarter ending February 28th, 1927, payable March 1st, 1927, to Shareholders of record at the close of business on February 15th, 1927.

By order of the Board,

D. L. ADAMS,
Secretary-Treasurer.

Montreal, Que.,
January 20, 1927.

Business Opportunities

PORTAL—New mining town, Portland Canal District, British Columbia. First offering Business and Residential Lots. Low prices with big profits assured. Openings for all kinds of business and amusements, hotels and restaurants. Free circular for the asking.

Portal Townsite, Limited,
405, Dominion Bank Building,
Vancouver, B.C.

BANK OF MONTREAL

NOTICE is hereby given that a DIVIDEND of THREE per cent upon the paid-up Capital Stock of this Institution has been declared for the current quarter, payable on and after TUESDAY, the FIRST day of MARCH next, to Shareholders of record of 31st January, 1927.

By order of the Board.

FREDERICK WILLIAMS-TAYLOR,
General Manager.

Montreal, 21st January, 1927.

SALE OF TIMBER

TENDERS WILL BE RECEIVED by the undersigned up to and including Tuesday, March 1, 1927, for the right to cut the Pulpwood and Log Timber on the South two-thirds of the Township of Menapia, the Township of Benish, and the Southwest quarter of Thorning Township, in the District of Cochrane.

FURTHER PARTICULARS may be obtained upon application to the undersigned, or to Mr. D. J. Spence, Crown Timber Agent, Cochrane.

W. FINLAYSON,
Minister of Lands and Forests.

N.B.—No unauthorized publication of this Notice will be paid for.

TORONTO, January 21st, 1927.

Wanted

Established Brokerage Houses to handle Oil Stock issue of exceptional merit. Sponsored by men of national reputation. Newspaper and direct mail advertising support given. Full information upon request to Box 508, Financial Post, 153 University Ave., Toronto, Ont.

TENDERS FOR DEBENTURES

Sealed Tenders will be received up to 2 P.M. on Saturday the 12th day of February, 1927, for debentures of the Town of Stayner.

The debentures are for $22,400.00 and are to bear interest at 5½ per cent. per annum from date of issue and to be payable at the office of the Treasurer of the Town of Stayner in fifteen equal annual instalments of principal and interest combined.

The debentures may be issued with coupons for interest and may be issued in denominations.

The debentures are for payment and are issued under the Local Improvement Act and are guaranteed as to both principal and interest by the County of Simcoe.

Tenders must provide for payment at par at Stayner and must provide for printing of the debentures and no tender necessarily accepted.

Rateable assessment of the Town of Stayner is $390,758.72 and the debenture debt including this issue is $96,590.05.

Address tenders to

A. J. F. SULLIVAN, Esq.,
Mayor, Stayner, Ont.

Dated at Stayner, Ont.,
the 1st Feb., 1927.

BROKERS ATTENTION

Brokers, agencies and others interested in handling an allotment of special interest in a gold mine development issue, in the Kirkland Lake Gold Area, will be forwarded advance circular upon receipt of request. Address in first instance

W. J. POST,
North Cobalt, Ontario

Young married Scotchman, abstainer, wishes position in Spring. Has following bookkeeping, shorthand and typewriting experience. Five years Scotch bank, two years London, England, ten years sawmill office, four years general store work. Apply Box 510, Financial Post, 153 University Ave., Toronto, Ont.

Like the Laurentians?

Then you will be interested in this delightful house near St. Margaret, P.Q. It has five bedrooms and overlooks one of the finest views in the mountains. Excellent boating, bathing and canoeing. The house is suitable for a summer or winter residence.

If you are interested in renting or purchasing such a property either next summer or this winter at a very reasonable figure it would be well to write soon. The estate which controls the property is anxious to either rent or sell immediately. Address your letter to:

Box 321
THE FINANCIAL POST
Southam Bldg., Montreal

Canadian Pulp and Paper Association Convention

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

Special Section — Pages 17-24 PUBLICATION OFFICE: TORONTO, FEBRUARY 4, 1927 Special Section — Pages 17-24

Governmental Interest In Protecting Forests Aids Whole Industry

But President Warns Against Over-Interference With Policies

NEWSPRINT OUTLOOK

Slump in Business in U.S.A. Would Curtail Output of Canadian Newsprint Mills

By L. R. WILSON,

President of the Canadian Pulp and Paper Association. The address to the fourteenth annual meeting.

The year 1926 will go down in the annals of our industry as one of unprecedented expansion, and in the records of our association as one of corresponding growth and activity. It is not necessary nor desirable to occupy your time with a detailed recital of the developments which have taken place or that are pending. The story has been told repeatedly. The facts are familiar. It is worth recalling, however, that our industry now represents a capital investment of well over half a billion dollars, which is more than equal to the total capitalization of industrial Canada in 1900; that its products have attained a value of approximately $250,000,000 a year; that its annual contribution to the foreign trade of Canada amounts to some $175,000,000, and that last year it accounted for 17 per cent. of Canada's total exports.

Newsprint Situation

It may be, as some fear, that in some branches expansion has outrun discretion and that precaution will be necessary to preserve our economic equilibrium during the next year or two. Our newsprint mills have now reached a potential output of practically 2,000,000 tons a year. For the last two years at least there has been a threatened over-production, but despite the large increase the demand occasioned by the rapidly expanding business in the United States has been sufficient to absorb all the paper available. With the further increased production coming on to the market in 1927 and 1928, the ability of the United States to continue to increase their consumption will be largely dependent on a continuance of business prosperity in that country. Any serious reaction in general business activity there will probably be reflected in a lessened demand for newsprint from Canada.

Overproduction

Should this situation arise, it would probably lead either to a cut in the price of paper or a reduction in output, or both. Lower priced paper, however, will not help the situation. The consumers are satisfied with the existing prices under which they have built up the largest and most profitable business in their history, which would be subject to serious disruption should newsprint fall below its present price level. Neither would a cut in price increase to an appreciable extent the demand for paper, but it would reduce the earnings of the mills and, if carried too far, might seriously cripple some of them. The Canadian newsprint mills, including the new as well as the older institutions, have run to practically full capacity for some years and to a greater average percentage of their capacity than, I venture to say, any other of our basic industries. It is only reasonable to expect, therefore, that should a period of depression follow, such as is suggested, it will not be possible for all the mills to continue to operate to their full capacity as in the past, and that they will have to reduce their output to a point where their production will find a market. But even in such an event our mills will probably still be running much nearer to their maximum capacity than is customary with any other manufacturing industry.

Governments' Attitude

It is gratifying to note that the provincial governments of Ontario and Quebec have recently announced their intention to first see that the paper mills now in existence are provided with adequate timber resources before giving consideration to applications for licenses for the establishment of further new mills. This policy, if adhered to by the two provinces, as no doubt it will be, will materially assist in meeting the situation above referred to and will, without doubt, prove a step toward the proper conservation of our pulpwood reserves. It is a matter for congratulation, furthermore, that both governments are beginning to realize that these resources are by no means inexhaustible and that they are inaugurating sounder policies in dealing with them. The fact, however, should not be lost sight of that one-fifth of all the pulpwood harvested in Canada still finds its way out of the country in an unmanufactured state. If we have reached a point in Canada where further expansion of our industry is stopped for want of raw material there would seem to be some inconsistency in allowing this unrestricted drain upon our remaining supply to continue.

President Wilson on Newsprint Situation

"Any serious reaction in general business in the United States will probably be reflected in a lessened demand for newsprint from Canada. Should this situation arise, it would probably lead either to a cut in the price of paper or a reduction in output, or both. Lower-priced paper will not help the situation. The consumers are satisfied with existing prices....... Neither would a cut in price increase to an appreciable extent the demand for paper, but it would reduce the earnings of the mills...... But even in such an event our mills will probably still be running much nearer to their maximum capacity than is customary with any other manufacturing industry."

Presidential Address of
L. R. WILSON.

The reports submitted to this meeting by the chairmen of the several sections all indicate a satisfactory year of business and a fair outlook for the year just begun.

Since our last annual meeting one special general meeting of the association and four meetings of the executive council have been held.

Proposed Laboratory

At a meeting of the council held on April 15th, the research section submitted a communication setting forth the desirability of the association financing the erection and maintenance of a pulp and paper research laboratory in Montreal, to be operated conjointly by the pulp and paper division of the Forest Products Laboratories and the department of industrial and cellulose chemistry of McGill University. This resulted in the adoption of a resolution providing for the appointment of a special committee to take the proposal under consideration, and if, in their judgment, the circumstances warranted action, to evolve and lay before the membership a scheme for giving it effect. A committee, comprised of L. R. Wilson, as chairman, George Chahoon, Jr., C. H. L. Jones. C. Howard Smith, I. H. Weldon, J. B. White, J. L. Apedaile, George M. McKee and the secretary, was appointed. After thorough investigation and study of the project the committee came to a favorable decision and so reported to a special general meeting of the association held on June 25th. Their report with its recommendations was unanimously approved and adopted. The sum required to carry out the undertaking is $350,000. A plan for raising this amount by means of an issue of 20-year 6 per cent. bonds was devised and the members of the association were asked to indicate their support by each subscribing for a pro-rated allotment of the bonds. The results of the committee's work will be submitted to you to be dealt with at this meeting. It is essential that whatever action is decided upon here should be final.

The meetings of the executive council, other than that above referred to, dealt principally with routine matters arising out of the association's normal activities. It was agreed at one of these meetings to submit to you two proposed new by-laws which were discussed at the last annual meeting. One of these provides for a committee on resolutions and the other for a committee on nominations, both to function in advance of the annual meeting each year. These by-laws have been sanctioned by the executive council and will be placed before you to be dealt with at this meeting.

The research, technical and woodlands sections have all functioned actively and well during the year, as will be seen by their detailed reports to be submitted to you. The research section has continued to carry on the arrangement entered into with the Dominion Government for the joint control and operation of the pulp and paper division of the Forest Products Laboratories, and in so doing has also enjoyed the support and co-operation of the department of industrial and cellulose chemistry of McGill University. Our financial obligations to both institutions have been fully met. The complete program has been retarded somewhat through lack of proper housing accommodation which the building project is designed to supply, but definite and worthwhile progress has been made and the foundation laid for future developments.

The technical section, under the direction of Prof. H. O. Keay, its chairman, has enjoyed a year of keen activity and is in a flourishing condition, both as to personnel and accomplishments. One of its outstanding events was a joint two-days' meeting with the Canadian Society of Chemists held in Montreal in June last, which attracted national attention

(Continued on page 21)

Again President

L. R. WILSON,
Vice-president and managing director of Abitibi Power and Paper Company, re-elected president of Canadian Pulp and Paper Association.

28,900 MEMBERS NOW INCLUDED IN FORESTRY ASSN.

Canadian Association Makes Enormous Strides During Past Year

"Canada has the largest and strongest forestry association in the world," Arthur H. Campbell declared at the annual convention of the Canadian Forestry Association. Continuing his presidential address, Mr. Campbell said:- "The membership in the association is now 28,900. Comparing this grand total of 28,900 with the total membership of one year ago, which was reported at approximately 18,000, we have an increase of 9,700, which represents a growth in excess of 40 per cent.

"Our association now possesses 21,700 ordinary members throughout the Dominion, and 7,200 special members in Quebec and northern New Brunswick. A considerable proportion of the increase has been secured through the launching of our new official organ, "La Foret et la Ferme,' which is making splendid strides in the province of Quebec.

"The outstanding conservation event in Canada during the past year was, in my opinion, the decisive action taken by Premier Taschereau, of Quebec, and Premier Ferguson, of Ontario, with respect to the proposed export of power from Canada to the United States.

"Entertaining though we do the kindliest feelings toward our friends to the south, we cannot fail to realize the economic advantage which our immense potential water power resources provide in this competitive industrial relation.

"It is now generally admitted that when such a commodity as power is delivered to any community it results in the building of industrial centres; thus establishing vested rights which it is exceedingly difficult, if not impossible, to deprive of a continuance of such power supply.

"While we welcome the investment of United States capital in developing our resources, we nevertheless feel that if we hope to work out our national destiny along industrial lines, we must retain the control of these resources in our own country.

"I particularly want to call your attention to the co-operative spirit of the wood-using industries and mercantile companies manifested toward our association during the past year. More than 400 firms, including practically the whole pulp and paper industry, a goodly section of the lumber industry, and more than 250 mercantile firms, water power and mining companies, have provided $57,000 in special grants.

"That is a goodly sum and surely represents a very firm faith in the reliability of our objectives and the businesslike operation of our campaigns. It is also a vivid testimony to their confidence in educational propaganda as an antidote to our forest fire losses.

Optimism For Future

"I am one who believes that the Canadian public, once truly informed and inspired concerning the devastation of the forest resources, will quickly put an end to the wretched record of 6,000 man-caused forest fires a year, with a loss in timber equivalent to 130 townships.

"The sources of forest fires are not in the forest, but in the human understanding. Ninety-one per cent. of all fire troubles originate with carelessness, which means unthinking and uniformed people.

"Is it not a matter of common business shrewdness that we should tackle the prevention of forest fires by applying remedies to the human source? That, at all events, is the working theory of our Canadian Forestry Association, and I believe that if we can double our campaigns in 1927, and double them again in 1928, we will not wait long for a material diminution of forest damage, even in years of maximum hazard."

Report of Directors

In the report of the directors for 1926, Robson Black, manager of the association, stated that 1,322 public meetings were held during the year, with a total attendance of 300,056. Stress was laid on the fact that nearly all the meetings were held in rural places. Lectures and motion pictures were presented to identify fire prevention with local welfare and personal prosperity. Quebec heard 355 of the total number of lectures, Ontario coming next with 308, the balance being distributed over the other provinces.

"Whether in British Columbia or Cape Breton, the name and mission of the Canadian Forestry Association have become known in 1926 as never before," said Mr. Black.

Paper Men Hail New Mill Policy

"It is gratifying to note that the provincial governments of Ontario and Quebec have recently announced their intention to first see that paper mills now in existence are provided with adequate timber resources before giving consideration to applications for licenses for the further establishment of new mills. This policy will materially assist in meeting the situation above referred to (possible slump in demand for paper and prove a step towards the proper conservation of our pulpwood resources."

Presidential Address of
L. R. WILSON.

Pulp and Paper Association President Re-elected for First Time in History

L. R. Wilson Appointment Proves Popular With Whole Pulp and Paper Industry — Early Business Connections and Rise in Canada

The president of the Canadian Pulp and Paper Association for 1927 is L. R. Wilson, vice-president and managing director of the Abitibi Power and Paper Company. The re-election of Mr. Wilson to this office is the first time in the history of the association that a president has been re-elected for a second term, and is, perhaps, indicative of the regard in which he is held by the great pulp and paper industry

Lee Roy Wilson, born in one of the middle western states of the U. S., at an early age gravitated to Dakota, where he obtained his first business experience as manager of a country grain elevator operated by one of the big milling companies. It was in the milling business that he first came in contact with and grew to know the late F. H. Anson.

When the Atlantic Sugar Refineries at Saint John was first conceived, F. H. Anson was appointed president. In the meantime, Wilson had deserted the milling business, and was employed by one of the larger sugar refining companies in the eastern states.

Anson needed help in carrying out his sugar project and naturally turned to his old friend Wilson for assistance. Thus L. R. Wislon came to Saint John. Later he was transferred to Montreal as treasurer of the new company.

As Abitibi and Atlantic Sugar were financed by the same interests, it was but natural that Wilson should later be appointed treasurer of Abitibi in addition to his Atlantic Sugar appointment.

When F. H. Anson turned his attention to Abitibi exclusively, Wilson was obviously the man to take charge of 'Lantic Sugar. He did so until 1917, when he was appointed secretary of Abitibi. Previous to this, when he became general manager of "Sugar" he gave up his Abitibi position.

At that time Wilson's official label with the Abitibi Power and Paper Company was "secretary," but his job was considerably wider than that word usually implies. And so he grew up with the company. In 1923 he was made general manager, and later vice-president. Last year he was elected to the presidency of the Canadian Pulp and Paper Association, probably the most important organization in the Canadian business field, despite the fact that it is one whose activities are not generally well known to the public. Last week, Wilson was re-elected to his position as leader of the greatest industry in the Dominion.

Pulp and Paper Industry Prospers; Outlook is Generally Satisfactory

Each Section of Industry Fully Reviewed at Annual Meeting of Pulp and Paper Association—Only One Section Finds Business Poor—Outlook for 1927 Reviewed

EXPANSION IN NEWSPRINT INDUSTRY FEATURE

The annual report of the Canadian Pulp and Paper Association covering the year 1926 shows that the industry is in a satisfactory position and that during the past year there was a ready market for most branches of the industry's varied output of pulps and papers.

Individual reports dealing with each of the sections in the pulp and paper field are included in the general report of the association; they are of interest to shareholders or others interested in individual companies, for they review satisfactorily the situation at present surrounding the companies engaged in manufacturing either all types of pulp, or paper.

Newsprint Output Greatest on Record

The most important section of the industry is newsprint, which is reviewed by George Chachoon Jr., chairman of the newsprint section as follows:

Expansion in the newsprint industry has been the outstanding feature of the past year. The demand for newsprint has been greater than ever before experienced, and in spite of additions to the capacity of the mills there was no surplus production, and our mills were able to operate close to capacity throughout the year.

Seventeen New Machines

No less than seventeen new machines came into operation in Canada in the past twelve months, of which thirteen were in the province of Quebec, two in British Columbia, one in Ontario and one in Manitoba. These machines added some 1,600 tons to the daily capacity of the mills, but some of them only came into operation at the close of the year, and therefore contributed very little to the year's output. For the coming year there were numerous other machines scheduled to come into operation which will add some 1,400 tons to the daily capacity and construction is proceeding for other mills which will not be producing paper until 1928.

New production records were established both in Canada and in the United States, production in Canada amounting to 1,881,737 tons and in the United States to 1,686,695 tons, giving a combined total output of 3,568,432 tons, which was an increase of 17 per cent. over the previous year. General business conditions in the United States were fortunately such that this tremendous output of newsprint was absorbed without difficulty, but it is pointed out that a similar increase will be necessary in the coming year in order to absorb the tonnage that will be produced or else the mills will be unable to run at as high a rate of capacity as they did in the past year. From present indications it is doubtful whether business in the United States during 1927 will do much more than maintain the level established in 1926.

Less European Competition

There was less competition from European newsprint in the United States market than in 1925, but the decline was more than offset by large shipments from Newfoundland so that the total importations from countries other than Canada increased by 25 per cent. It is expected that imports from Newfoundland which amounted to 72,000 tons in 1926 will be larger during the coming year as the productive capacity of that country was increased by the addition of a new machine.

Our exports of newsprint reached a new high point at 1,731,986 tons of which 1,627,858 tons were shipped to the United States. It is noted that exports to overseas countries were greater than for several years past, and in this connection the good effect of the trade treaty with Australia is evidenced by shipments of 30,660 tons to that country as compared with only 8,459 tons in the previous year.

Sulphite Pulp Holds Its Better Markets

The improvement in the sulphite pulp market in 1925, noted in the last annual report, was generally maintained through 1926. Notwithstanding the effect of the industrial depression in Great Britain on consumption there, and the coming into operation of new pulp mill capacity in the Scandinavian countries, the market has been singularly free from serious disturbances, and prices have been fairly steady.

Consumption of bleached and bleached sulphite pulp in the U.S.A. in the past year has exceeded all previous records. The unusually heavy demand for newsgrade sulphite enables U. S. producers of that grade to participate to a greater extent than for many years in supplying requirements.

Production of Paper Larger

The production of papers made substantially from sulphite pulp was from seven to ten per cent. greater in 1926 than in 1925. This increased output involved a corresponding increase in consumption of sulphite pulp, especially in those grades entering into book paper manufacture.

A good index of the consumption of book paper is the volume of magazine advertising. In 1926, this class of advertising gained eight per cent. over that in 1925, and was equal to that in the banner year of 1920. A better comparison is afforded by comparin last year's figures with those for 1923, a year characterized by normally good business throughout. The 1926 increase over 1925 was no less than 16 per cent.

Consumption of bleached sulphite wood pulp in book and other papers and in rayon manufacture continues on a steady basis.

The outlook for the bleached and unbleached sulphite markets inspires confidence. The statistical position both here and in Europe is at least as good as at this time a year ago, and the restoration of industrial peace in Great Britain will undoubtedly operate to strengthen the market.

Exports of unbleached sulphite pulp for 1926 amounted to 254,576 tons which was slightly below the previous year's total of 263,854 tons. Bleached sulphite exports, however, exceeded those for 1925 by 15,000 tons, the total being 200,995 tons, as against 185,890 tons in 1925.

F. G. ROBINSON,
Chairman.

This special section of The Financial Post is devoted to a review of the annual convention of the Canadian Pulp and Paper Association. Attention is paid also to the annual meeting of the Canadian Forestry Association.

Kraft Pulp Demand Steady During Year

In the report presented at the annual meeting in 1925, by the kraft pulp section, the prediction was made that the year 1926 would see an improvement in business conditions over that of the previous year.

Business for the first nine months of 1926 showed ample justification for this prediction the demand being steady, without however any increase in prices. Commencing with the end of September trade commenced to slacken and prices to drag, and the last three months of the year the consumption was curtailed and prices dropped from three to five dollars per ton. Notwithstanding these unfavorable conditions production throughout the years showed an increase of three per cent. over that of 1925.

Exports of sulphate pulp throughout the year amounted to 165,433 tons compared with 149,722 tons during 1925, the bulk of the exports being to the United States.

There would appear to be no cause for alarm over the slump in trade experienced during the last three months; on the other hand the indications are that this slump is of a temporary nature and business conditions generally would seem to warrant our being optimistic and looking forward to a gradual but steady improvement throughout the coming year.

ANGUS McLEAN,
Chairman.

Books and Writing Paper Volume Up

The members of the book and writing section were able to obtain, during 1926, a steadily increasing volume of business. Since the boom in 1920, prices have been continuously sagging but during the past two years a definite stabilization of prices was recognized and the increase in volume was, to a great extent the result of a re-establishment of confidence in the market by the buyers.

The members of the book and writing section have made a very effective effort to improve operating conditions and to standardize qualities. The increase in volume of business is shown by the following figures giving shipments for the year.

	1926 Tons	1925 Tons
Domestic	53,991	52,810
Export	3,434	2,717

As a result of the improvement in

(Continued on page 22)

The Canadian Forestry Association

(The Largest and Strongest Forestry Association in the World)

A league of 28,000 citizens for the active advancement of forest conservation. Not identified with any government or private commercial interest.

WE ASK every public-minded Canadian Citizen to stand behind us with muscle and money: BECAUSE

The state of this Dominion's forest resources is the unfailing barometer of our commercial future.

Canada no longer can tolerate a record of 6,000 man-caused forest fires per annum. Business in all its branches is paying an enormous forfeit for our annual destruction of three million acres, equivalent to 130 townships packed with timber.

The only committee with power to act in forest protection is a committee of the whole Canadian people. Therein lies the vital reason for the Canadian Forestry Association's rapid progress as the focus-point of determined public opinion.

The man-on-the-street, the merchant, banker, investor, artisan—these alone possess the supreme authority to put forest devastation into the limbo of conquered plagues.

90 per cent. of forest conservation is the outlawing of FIRE. Don't be drawn aside by petty issues. Keep your eye on the red target —FIRE.

And FIRE is 91 per cent. man-caused. The one and only antidote is an Educated Public.

From Our 1926 Record

Every province in Canada except Prince Edward Island covered by Canadian Forestry Association campaigns.

Association membership advanced from 17,700 to 27,900 in 1926.

43,000 miles were travelled by Canadian Forestry Association lecturers in 1926. Twelve summer lecturers and two winter lecturers held 1,322 public mass meetings, chiefly in the remote forest regions, with an attendance of over 300,000.

More than 10,000 schools teaching Forest Protection through co-operation with the Canadian Forestry Association.

11,000 homes are reached by our new French magazine, LA FORET ET LA FERME.

Voluntary subscriptions of $121,000 received from railways, mercantile houses, power companies, paper companies, lumber firms, and public-spirited citizens in 1926, an increase of 64% in the last three years.

Our Forest Conservation Creed

"We work to save our forests, and avoid the fate of lands which lose their trees.

"We urge a census of our natural resources; permanent reservation under forests of unwanted lands; and planting on treeless farms.

"We mean to tell the people forest facts; imbue our children with a forest sense, and call on Governments for good forest laws."

Extensions Planned for 1927

To hold at least 1,600 public mass meetings.

To establish educational contact with two million people.

To construct a new series of motion pictures.

To build the membership to 35,000.

To instruct 40,000 prairie residents in tree planting in the treeless areas.

To maintain monthly courses of lectures in 15,000 schools.

To arouse new sections of the Canadian people to their imperative responsibility as forest guardians.

To encourage adequate protection of wild life by better law enforcement, establishment of fish and game preserves, etc.

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ASS'T MGR.......GORDON M. DALLYN
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.............THOS. H. WILKINSON
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CANADIAN FORESTRY ASSOCIATION

Head Office - - 51 Sparks St., Ottawa

TECHNICAL WORK OF ASSOCIATION MAKES PROGRESS

Chairman of Technical Section Outlines Activities During Year

The year 1926 saw the work of the Technical Section of the Canadian Pulp and Paper Association somewhat expanded. The various activities of the section are contained in the report of H. O. Keay, chairman of the section, to the annual meeting of the association. Mr. Keay's remarks follow:

Your technical section is pleased to be in a position to report another successful year.

Two meetings have been held during the year. The annual meeting took place in Montreal, January 27 and 28, and the summer meeting was held in conjunction with the Dominion Convention of Chemists, May 31 to June 3. The very interesting reports, papers and discussions of the January meeting have been published in Volume IV. of the proceedings and transactions of the technical section.

The summer meeting was held in Montreal. This took the form of a joint convention under the auspices of the Society of Chemical Industry, the Canadian Institute of Chemistry and the Technical Section of the Canadian Pulp and Paper Association. The papers presented at this convention were of unusual interest to all who employ cellulose as a raw material in manufacture, and many of the papers were of timely significance in view of the support which the paper industry is giving to the purely scientific side of the cellulose research.

Report Has Been Published

The forenoon of June 3 was given over exclusively to a round-table discussion of sulphite cooking, as the especial contribution of the technical section. There was a large attendance and the lively discussion which the subject brought out served further to confirm the impression gained at the Ottawa meeting, of the desirability of providing only one subject for discussion at our summer meetings, coupled with care in securing competent members to lead the discussion. A complete account of the summer meeting has been published under the title "A Report of the Cellulose Symposium Held in Connection with the Dominion Convention of Chemists."

Standing Committees and Work

Valuable work has been done during the year by the several committees of the section.

The committee on abstracts and publications has carried on in its customary efficient manner. In addition to abstracts regularly published in the Pulp and Paper Magazine, the committee has prepared reviews of a number of foreign books dealing with the pulp and paper industry.

Arrangements have been made this year for greater promptness in the publication of the report of the annual meeting. The co-operation of all who take part in the discussions, by promptly correcting and returning the stenographic report, will facilitate greatly the work of this committee. Attention also is called to the directions for the preparation of manuscript which the committee has prepared for the guidance of the authors of papers.

The committee on chemical and physical standards has continued its work during the past year on the standardization of pulp testing methods with a view to international standardization. Several changes have been made in the proposed standard method for the strength testing of unbeaten pulp, and a revised method is offered as a joint effort of the sulphite committee of the technical association of the pulp and paper industry and this committee on physical standards. It is the desire of the committee that this revised test be adopted as the proposed standard test for the unbeaten strength of pulp to supersede that already before the technical section.

On Wood Measurement

The committee of wood measurement has been particularly active this year in a study of the relationship between the specific gravity and the age and number of annual rings per inch in sound spruce and balsam. This has been done with a view to determining a constant to be used in converting volume measurement to weight. A great many specific gravity tests have been made during the past year at the Iroquois Falls mill of the Abitibi Power and Paper Co. and at the Temiskaming and Hawkesbury mills of the Riordon Pulp Corporation. These were specially made so that the results from one district would be comparable with those of another. The importance of determining a constant for converting the volumetric quantities more convenient for woods operations to the weight basis more convenient for the mill cannot be overstated, and the committee's painstaking contribution to this end is of great value.

The committee on education has a number of interesting observations to make, and particular attention is directed to the report of this committee in the transactions. In the belief that the industry is now ready for advancing a definite programme to co-ordinate the educational work in the mills by means of various agencies now available, the committee has made certain recommendations prominent among which are the following:

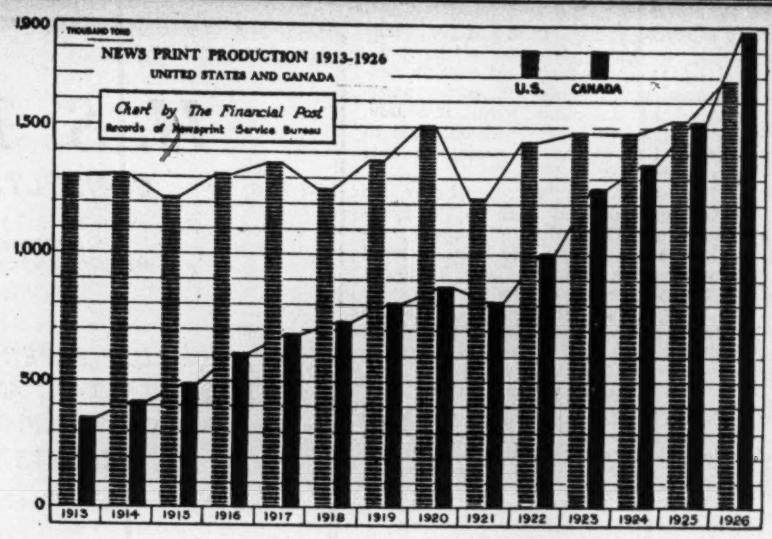
1. That each mill appoint a committee to develop and maintain interest in educational matters and assist in the formation of groups of men for study, either in correspondence courses or by local facilities.
2. That the educational interests of the industry would be better served and more effectively controlled if there were only one committee on education, sub-committees thereof to be appointed to handle such special features as the institute at Gardenvale and the Three Rivers school.

While twenty-three new members have been added to the section during the last year and the total membership is being well sustained, still it is felt that more encouragement to join the technical section might profitably be given by the executives of the mills to the technical men in their respective organizations.

Laurentide Prominent

MONTREAL.—A week ago the speculative interest in Laurentide shares entirely subsided. But it takes very little to revive the interest of trade in this stock and with the announcement that three Laurentide directors had joined the Board of the Canadian International Paper, the stock again came into prominence on rumors.

Capital has been subscribed to erect and equip a $250,000 coarse paper and box board factory in St. Boniface, Man.



"Among Those Present.."

Among those who registered at the annual meeting of the Canadian Pulp and Paper Association were the following:

Arbo, C. C., Lake St. John P. & P. Co., Montreal.
Auclair, J., Quebec P. & P. Mills, Montreal.
Anvik, H., Riordon Co., Temiskaming.
Andrews, F. H., St. Maurice Valley Corporation, Belgo Div., Shawinigan Falls.
Alexander, J. F., Riley Eng. & Supply Co., Montreal.
Armitage, R. S., Price Bros. & Co., Roberval, Que.
Alden, C. N., Nashwaak P. & P. Co., St. John, N.B.
Atkinson, W. Stuart, H. Atkinson, Pont Etchemin, Que.
Atkinson, W. F. V., 81 Somerset St. W., Ottawa.
Arnoldi, F. F., Canadian Paperboard Co., Montreal.
Boronow, Paul, DeGrasse Paper Co., Pyrites, N.Y.
Brown, C. A., Bennett, Ltd., Chembly Canton.
Bradshaw, E. A., Bradshaw's, Ltd., Toronto.
Bowness, A. O., E. B. Eddy Co., Hull.
Bennett, Gordon, Geo. Christie, Canada, Montreal.
Babin, A., Hammermille Paper Co., Matane, Que.
Baker, R. S., Riordon Pulp Corp., Temiskaming, Que.
Belanogey, Reni, Quebec P. & P. Co., Val Jalbert.
Bates, H. E., Laurentide Co., Grand Mere, Que.
Bay, Dr. C., Riordon Pulp Corp., Hawkesbury.
Bearce, Geo. D., Newsprint Service Bureau, New York.
Beedy, Howard E., Nashwaak P. & P. Co., St. John.
Brace, G. A., Ferranti Electric, Toronto.
Bond, S. B., Bathurst Co., Bathurst.
Branch, B., Link Belt Co., Toronto.
Buncke, H. J., Abitibi P. & P. Co., Iroquois Falls.
Bryant, O. F., Laurentide Co., Grand Mere, Que.
Cameron, E. P., 700 University St., Montreal.
Clarke, F. W., Anglo-Canadian P. & P. Mills, Quebec.
Costigane, A. P., 811 Federal Bldg., Toronto.
Crabtree, E. S., 46 Curzon St., Montreal West.
Cable, Donald E., Nashwaak P. & P. Co., New York.
Campbell, W. B., Forest Products Labs., Montreal.
Chalon, O. T., Consolidated Dyestuff Corp., Montreal.
Candee, C. N., Lincoln P. & P. Co., Merritton.
Chapman, H. J. C., Abitibi P. & P. Co., Iroquois Falls.
Charles, Leo. E., Can. Vegetable Parchment Co., Merritton.
Craigon, A., Can. General Electric Co., Toronto.
Crossley, T. L., Industrial Laboratories, Ltd., Toronto.
Couture, A. Papineau, Montreal.
Cameron, Jas. A., Cameron Machine Co., New York.
Davidson, Geo. A., Howard Smith Paper Mills, Montreal.
Davis, M. W., United Filters Corp., Hazelton, Pa.
Dodd, W., Riordon Pulp Corp., Temiskaming.
Durgin, A. G., Spanish River P. & P. Mills, Sault Ste. Marie.
Dunbar, T. C., Stabbins Eng. & Mfg. Co., Watertown, N.Y.
Flynn, E. D., Oliver Continuous Filter Co., New York.
Fair, A. E. H., Lincoln Pulp & Paper Co., Merritton.
Finlay, Jno. M., Ritchie & Ramsay, Toronto.
Gain, C. N., Interlake Tissue Mills Co., Ltd., Merritton.
Gottesman, D. S., M. Gottesman & Co., New York.
Gilmour, J. D., Anglo-Canadian P. & P. Mills, Quebec.
Gerdes, Eric, Price Bros. & Co., Quebec.
Gosselin, Chas., Quebec P. & P. Mills, Chicoutimi, Que.
Handford, R. J. C., Howard Smith Paper Mills, Gaspe.
Harpell, J. J., Garden City Press, Gardenvale.
Hyndman, E. D., Brompton P. & P. Co., Bromptonville, Que.
Hood, H. C., Can. Vickers, Montreal.
Hoyt, J. T., United Filters Corp., Hazelton, Pa.
Hughes, J. F., Ayers, Ltd., Lachute Mills, Que.
Hinds, A. K., Carthage Machine Co., Belleville, Ont.
Hanrahan, J. A., Gulf P. & P. Co., Quebec.
Henry, L. S., DeGrasse Paper Co., Pyrites, N.Y.
Ireland, T. H., Crane Co., Chicago.
Jacques, A. G., Brompton P. & P. Co., East Angus.
Johnson, B., Hammermille Paper Co., Erie, Pa.
Jones, C. H. L., Spanish R. P. & P. Mills, Sault Ste. Marie.
Kent, H. F. E., W. J. Gage & Co., Toronto.
Kay, F., Consolidated Dyestuff Corp., Montreal.
Keenan, T. J., "The Paper Industry," New York.
Kellogg, R. S., Newsprint Service Bureau, N. Y.
Lindbom, E., Bonaventure Pulp & Paper Co., Chandler.
Lavoie, Edouard, Que. P. & P. Mills, Chicoutimi, Que.
Lippitt, Herbert, Canadian International Paper Co., New York.
Leeper, R. W., Canadian Gen. Elec., Toronto.
Lauriault, W. E., Quebec P. & P. Corp., Chicoutimi, Que.
Lewis, W. K., Boston Tec., Cambridge, Mass.
Logie, James, Canadian Paperboard Co., Toronto.
McNeil, W. R., Building Products, Ltd., Montreal.
MacNaughton, W. G., T.A.P.P.I., New York.
McDonald, F. R., Peacock Bros., Montreal.
Maclachlan, K. S., Lincoln P. & P. Co., Merritton.
MacLaurin, J. G., Riordon Pulp Corp., Temiskaming.
MacNichols, A. S., Quebec P. & P. Mills, Chicoutimi, Que.
McCracken, M. R., Price Bros. & Co., Chicoutimi, Que.
McBride, C. B., Riley Engineering, Toronto.
McInnis, R. A., Anglo-Canadian P. & P. Co., Quebec.
Mitchell, W. G., Price Bros. & Co., Quebec.
Meerbergen, G., Newfoundland P. & P. Co., Corner Brook.
Maurice, C., Quebec P. & P. Mills, Chicoutimi, Que.
Morey, H., Spanish River P. & P. Mills, Ltd., Sault Ste. Marie.
Muir, H. K., Geo. Christie Co., Three Rivers.
Morse, Smith, Bathurst Co., Bathurst.
Mosher, W. D., St. Maurice Valley Corp., Shawinigan Falls.
Maxim, N. D., International Paper Co., New York.
Mount, W. D., Lynchburg, Virginia.
Moyle, C. A., Riordon Pulp Corp., Hawkesbury.
Munro, Wm. C., Canadian Iron Foundries, Montreal.
McAvity, Stewart, McAvity & Son, Montreal.
Morrison, H. A., Olivery Cont. Filter Co., New York.
Myers, G., T. McAvity & Sons, Montreal.
Natwick, A. G., Lincoln P. & P. Co., Merritton.
Niklasson, G., Canada Paper Co., Windsor Mills, Que.
O'Reilly, J. T., St. Maurice Valley Corp., Cape Madeleine, Que.
Oliver, C. B., United Filters Corp., Chicago.
Owens, Harvey, C. G. Electric, Toronto.
Parks, W. J., Interlake Tissue Mills Co., Merritton.
Parrett, A. E., Canada Paper Co., Windsor Mills, Que.
Parry, R. E., Pulp & Paper Magazine, Toronto.
Panzl, Paul, St. Maurice Valley Corp., Shawinigan Falls.
Pratt, F. M., E. B. Eddy Co., Hull.
Parmelee, E. H., Forranti Elec., Montreal.
Parsons, J. L., Hammermill Paper Co., Erie, Pa.
Patterson, J. E., Abitibi P. & P. Co., Iroquois Falls.
Paulini, Geo, M., Ritchie & Ramsay, Toronto.
Quaal, A. E., Donnacona Paper Co., Donnacona.
Robertson, Wm. J., Heller & Merz Co., New York.
Read, D. E., Brompton P. & P. Co., East Angus.
Ruickbie, G. P., Bathurst Co., Bathurst.
Rolland, Henri, Rolland Paper Co., Montreal.
Reid, C. deW., Western Quebec Paper Mills, St. Andrews, E.
Robertson, D. F., Canadian Paperboard Co., Montreal.
Syrett, C. V., Wilkinson Paper Co., Toronto.
Sigel, A. J., M. Gottesman & Co., New York.
Stephens, W., Canadian Paperboard Co., Campbellford.
Seaborne, R. L., Donnacona Paper Co., Quebec.
Shipman, L. H., Spanish River P. & P. Mills, Sault Ste. Marie.
Sisson, F. T. E., Racquette River Paper Co., Potsdam, N.Y.
Stewart, A. L., Bailey Meter Co., Montreal.
Stuart, F. T., Price Bros., Kenogami, Que.
Tatley, L. D., Laurentide Co., Grand Mere, Que.
Townsend, C. R., Laurentide Co., Grand Mere, Que.
Taylor, Jno. P., E. B. Eddy Co., Ltd., Hull, Que.
Taylor, J. A., Geo. Christie, Ltd., Three Rivers.
Taylor, Chas. S., Ritchie & Ramsay, Toronto.
Taylor, N. S., 285 Beaver Hall Hill, Montreal.
Thompson, H., Affiliated Eng. Co., Montreal.
Thorne, C. B., Riordon Pulp Corp., Hawkesbury.
Traquair, John, Mead P. & P. Co., Chillicothe, Ohio.
Tewksbury, E. L., Stowe and Woodward Co., Newton Upper Falls, Mass.
Tremblay, T. A. V., Donohue Bros., Murray Bay, Que.
Whitelow, A. R., Canadian Paperboard Co., Frankford, Ont.
Whitten, C. E., Canadian Paperboard Co., Montreal.
Wells, Clifford, Bennett, Ltd., Chambly Canton, Que.
Williams, S. R., Western Que. Paper Mills, St. Andrews East.
Wainwright, N. E., Provincial Paper Mills, Toronto.
Waterhouse, J. E., Montague Machine Co., Turner's Falls, Mass.
Ware, G. A., Newsprint Service Bureau, New York.
Waters, B. J., Spanish R. P. & P. Mills, Sault Ste. Marie.
Weldon, R. L., Newfoundland P. & P. Co., Corner Brook.
Winlow, G. C., Lincoln Pulp & Paper Co., Merritton.
Wahlsforss, E. Wood & Pulp Processes, Windsor Mills.
Wallace, J. R., Laurentide Co., Grand Mere, Que.

Excellent Work Achieved on Wood Measurement

The findings of the Wood Measurement Committee of the Canadian Pulp and Paper Association are such as will probably prove of great value to the industry as a whole.

The committee has made wide and extensive investigations in its field and its conclusions are contained in a valuable, but technical, report to the association.

The report of the committee to the parent body commences thus:

"During the past year, your Committee has carried further its study of the specific gravity of wood, with the result that we have obtained information that, when taken in conjunction with our previous findings, should be of considerable assistance to the industry. Before proceeding to a discussion of this work, however, it might be well to mention briefly the points covered in our previous reports.

"The report of 1924 summarized the results of extensive investigations as to the sufficiency of various units for the accurate measurement of pulpwood. The tests made decisively confirmed the widely held belief that such units as 'feet board measure' and the 'cord' were not only very approximate but also difficult to use. Weight, although little utilized to date, was spoken of as having many points in its favor, and with good prospects for the future. The committee came to the conclusion that the 'cubic feet unit,' which is correct in scientific principles, was probably the most practical and we therefore recommend its adoption.

"Inasmuch as it was felt that these units, volume and weight, were the two that would ultimately be used by the industry, we considered the next step should be an investigation of the relationship between them, and a preliminary report was given in 1925. This report contained considerable data regarding density and factors affecting it, and included full information regarding wood shrinkage."

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WOODLAND WORK OF ASSOCIATION WILL BE GREATER

Chairman of Woodlands Section Recommends Larger Expenditure for Section

To carry out its aims and objectives, the Woodlands Section of the Canadian Pulp and Paper Association has recommended further expenditures for the coming year to be devoted to employing a competent logging engineer to take charge of the work of this branch of the association. The situation at present surrounding the work of the Woodlands Section is reviewed by H. G. Schanche, the chairman of the section, in the annual report which follows:

Prior to last January, the membership of the section had not been confined to employees of member companies. This, for obvious reasons, had its disadvantages. It often led, for example, to a certain reticence of expression of ideas and opinions and did not make for free discussion. At our last annual meeting, we adopted certain changes in our by-laws which corrected this situation and confined membership to actual employees of the woods departments of the contributing member companies of the association, all those not falling into this category being dropped from the membership list. The benefits of the change have already become manifest in many ways.

Summer Meeting

Last July, your Woodlands Section held its annual summer meeting on the Logging Operations of the Laurentide Company. The attendance was most representative and the meeting was extremely instructive and successful from every point of view.

Three standing committees appointed last January, namely, the committees on "Administration and General" "Transportation"; and "Utilization and Protection," have all functioned actively during the past year. Their respective reports have been, as far as possible, made available in printed form to the membership.

Though the program proposed in our last annual report has not, for a number of reasons, been carried out in its entirety, nevertheless the committees have found it possible to do what it is hoped may be deemed a fair amount of constructive work along the general lines proposed.

Committee on Administration and General

The report of this committee consists of a detailed description of the personnel, functions and general operating methods of the Woods Department Organizations of each of ten representative member companies.

Committee on Transportation

The report of this committee includes the following:

(a) Classified Bibliography to some 465 publications (texts, professional journals, Government bulletins, trade journals, etc.), bearing on transportation of logs.

(b) A sample library of the above references has been assembled and placed in the Association Offices for use of members.

(c) Tabulated descriptive index of equipment and materials used on logging operations of all member companies.

(d) Report on use of flumes in transportation of logs.

(e) Translation of the Swedish Text "Flottningsteknik.".

This text, replete with several hundred detailed drawings and specifications, covers practically all types of river and lake equipment and improvements, such as all different kinds of booms, boom fastenings, piers, sorting, works, dams, flumes, sluices, etc., in use, under many different conditions, in Findland, Sweden and Norway. It should, without any question, prove to be an excellent ready reference in the handling of logging operations anywhere in Eastern Canada.

Committee on Utilization and Protection

The report of this committee consists of a copy of a most thorough report, in three parts, covering investigations made two years ago, jointly, by the Laurentide Company and Price Bros. & Company, on the "Pulping Qualities and Utilization Possibilities of Spruce and Balsam Affected by Different Fungi."

This report, the completion of which entailed very considerable time and expense, is made available to the membership through the kind permission of the above mentioned companies.

The report's make-up does not lend itself to printing at reasonable expense. Accordingly, a copy has been placed on file at the Association offices where members may refer to it as desired.

Another part of this Committee's report represents a brief resume of certain of the outstanding points to be met in the matter of reduced fire hazard and improved methods of fire protection.

Explanation of Surplus

Last January, the association appropriated $6,000 for its Woodlands Section, so that we might carry out our proposed program of investigation. Of the amount appropriated, only $2,000 has been expended and this fact bears explanation.

Our field of endeavor lies primarily in the woods. Tangible results in our case cannot be obtained in the office or close at hand. Trips back into the "bush" to the logging operations cannot be made overnight. More frequently than not, such trips entail from at least one to three weeks' time on the part of an individual if any definite results are to be obtained. Those members of the section who are best qualified to carry on its investigative field work, are busy at all times of the year on the operations of their respective companies and, as has been most definitely demonstrated this past year, simply cannot arrange to leave their own work with sufficient frequency nor for sufficiently protracted periods of time to permit the work of the Section being carried on by committees composed of members. This accounts for our inability to intelligently expend the full appropriation.

Concisely, the section is at the parting of the ways. To move forward and do constructive work, we must have sufficient funds to enable us to secure the services and pay for travel expense, of a well-qualified logging engineer. Otherwise your Woodlands Section must of necessity stand more or less dormant and render most negligible service, if indeed, any service whatever, to the association.

Parting of the Ways

During the past year, we have put forth our best efforts to accomplish our work by means of the committee method. Though certain results have, to be sure, been secured, this method, insofar as being a satisfactory permanent one is concerned, is impracticable for the reasons cited.

Taking into consideration the unexpended balance from last year of $4,888, an appropriation of not to exceed $6,000 is required for 1927 and an assurance of an appropriation of $10,000 for 1928 and for 1929 respectively if we are to carry on as suggested, by the end of which period, if not considerably earlier, our proposal will, we believe, have permanently "sold" itself by virtue of results accomplished.

Granted this support we propose to engage the services of a well-qualified logging engineer, this man to be a member of the association's staff and with headquarters in the association's offices and responsibility to the sec.-manager of the association, but whose field activities would be carried on under the supervision of the section's executive. The program of work, together with methods, to be drawn up by an administrative committee appointed by the incoming chairman of the section. Necessary reports of logging engineer to be submitted monthly by him to the administrative committee; quarterly by the latter to the section.

Your attention is invited to the relation of the appropriation requested to the cordage over which it would be spread and which would amount to approximately one-quarter cent per cord.

Further Research by Association

From Our Own Correspondent.

MONTREAL. — Through subscriptions of the member companies of the Canadian Pulp and Paper Association amounting to $350,000, McGill University is to be equipped and endowed with a new forest products research laboratory. The proposal, which was first considered at the 1926 annual meeting, received final disposition at the 1927 meeting of the association and work on the new Forest Products Laboratories in Montreal will begin practically immediately.

It is intended to erect the new laboratory on the site of the present forest products laboratories abutting on the campus of McGill University. Quarters for scientific research in the interests of the Canadian pulp and paper industry, for the department of industrial and cellulose chemistry of the university, the pulp and paper divison of the forest products laboratories, and headquarters for the Canadian Pulp and Paper Association, will be provided by the new building.

A satisfactory understanding has already been made with McGill University on the subject.

Among the problems of the industry awaiting solution, which will be taken up in the new laboratory, are: Reducing the degradation of cellulose in the cooking processes, by which it will be possible to increase the present yield of 50 per cent. in the newsprint industry to 60 or 65 per cent., with a higher resultant quality of product; recovery of many wasting by-products in sulphite liquor; utilization of woods now regarded as waste; changing of the colloidal character of pulp so that water can be removed with more mechanical power and less heat; heat utilization, and greater development in by-products.

LIKELY TO ASSIST FUEL TECHNOLOGY

Association Interested in Fuels and Fuel Department at McGill

Through its connection with the Forest Products Laboratories and in the individual mills, the pulp and paper companies probably expend a greater proportion of their earnings on scientific work than any other industry in the Dominion. Most of this work is confined to the scientific study of wood and its products, but apparently the industry will probably once again widen the sphere of its scientific activities for the technical section of the association at its annual meeting recommended an annual grant of $1,000 to McGill University to assist in establishing a department of fuel technology there.

The resolution of the section reads:

"Whereas, there is a movement on foot among the industries of Canada to establish a department of fuel technology at McGill University; be it resolved, that the technical section recommend to the pulp and paper association that an annual grant of $1,000, for a period of four years, be made to McGill University to assist in this development."

The resolution will probably be taken up and dealt with by the association for the pulp and paper companies are amongst the largest users of coal in the Dominion. Any advances in the utilization of fuels which may be made would ultimately be largely reflected by decreasing the individual companies' operating costs.

Eddy's Interested

MONTREAL.—While on the new board of the Canadian International Paper Company, three of the directors are also on the board of the Laurentide Company, the latter is not the only paper company which has an interlocking directorate with the subsidiary of the International Paper Company. Both V. M. Drury and Hon. R. B. Bennett, directors of the E. B. Eddy Company, have just been appointed to the Canadian International board. Thus the Eddy-International merger rumors have again been revived.

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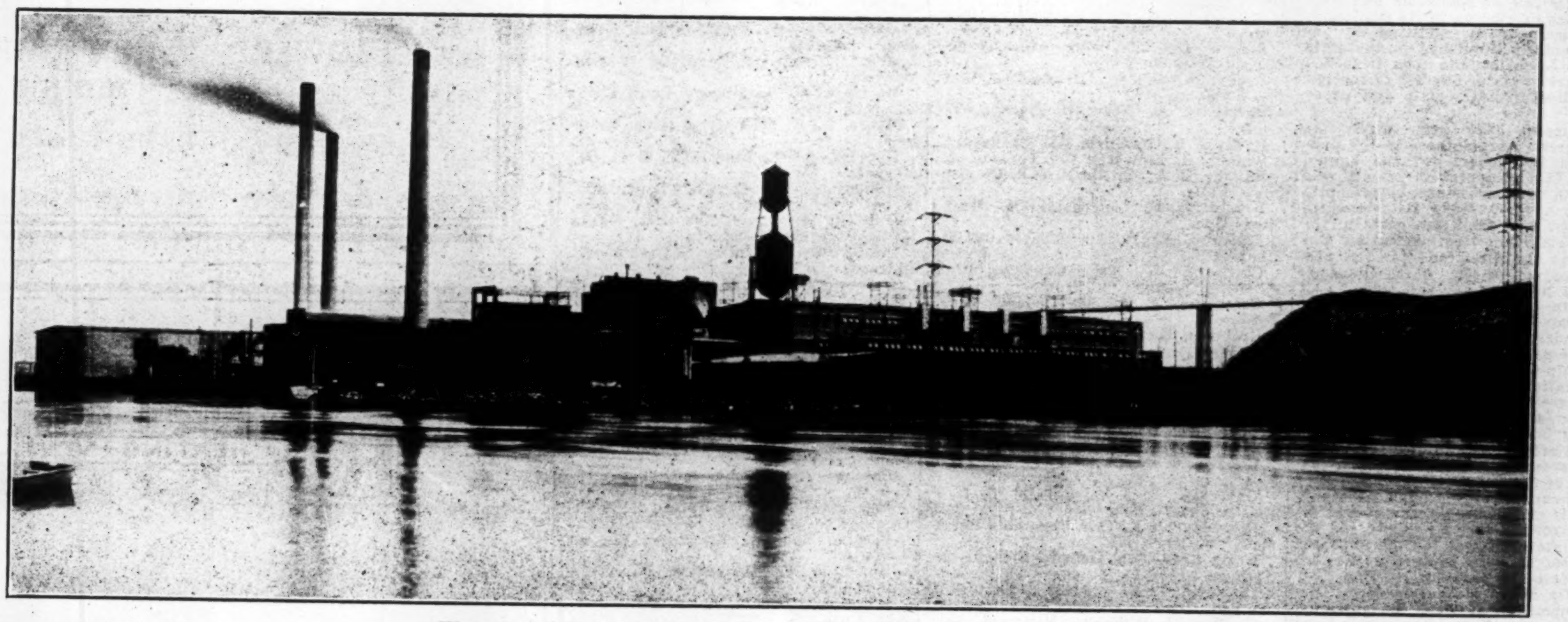

Wayagamack Pulp and Paper Company Limited, Three Rivers, P.Q.
Serving The Newsprint Industry
THE Foundation Company of Canada Limited has played an important part in the development of Canada's newsprint industry.
This organization was responsible for the erection of the 200-ton newsprint mill and the ground wood mill of the Wayagamack Pulp and Paper Company, Limited at Three Rivers, shown in the photograph above.
Other notable contributions by The Foundation Company have been the construction of the mills of the Port Alfred Pulp & Paper Corporation, at Port Alfred, P.Q., and of the sulphite plant of the St. Lawrence Paper Mills, Limited, at Three Rivers, Que.
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Bridges and Bridge Piers
Shafts and Tunnels

EDUCATION NEED IS EMPHASIZED BY COMMITTEE

Mechanically Industry Has Progressed Much—Similar Progress Necessary in Education

The educational committee of the Canadian Pulp and Paper Association feels that the industry has perhaps made greater strides physically than have its workers mentally, and for this reason in its annual report emphasizes the necessity for more thoroughly trained workers. The report reads in part as follows:

"Your committee takes the liberty of repeating what has been noted before, that in an appreciable degree the mechanical equipment of the industry has outstripped the mental development. Economists have noted this for a decade. The highest intelligence in engineering and design is now being applied to industry; but in many cases, the operation is in the hands of men whose background is fifteen years back, who have had neither the opportunity to study basic principles, nor any strong incentive to do so.

Many Employee Shareholders

"The attitude of men of all ages toward work varies little; but as the gap between operation and comprehension widens, it creates the impression that men who are interested only in a job are of lower industrial value than they were ten years ago. This is not because the human element has deteriorated, but because the equipment has progressed faster. It is here that the change from paternal to fraternal attitude in industry has its greatest potential value. The employees of many companies to-day include a notable proportion of its shareholders. There is much more of mutual interest between administration and operation. Consequently, it is more practicable to-day to inaugurate and carry on programmes including safety and education, than it was ten years ago. All parts of industry are working on these things to-day. The present associations in both countries, the Superintendents' Association, the International Brotherhood of Paper Makers, and the technical men in several associations, are all studying the matter of training and education, and are prepared, we believe, to co-operate heartily in the development of practical plans suited to individual mills or groups of mills. The bogies of secrecy and rule of thumb survive in very few cases.

Human Factor in Industry

"The human element is the 'last Great West' in industry. Production machinery of great efficiency, but, nevertheless, of delicate adjustment, is being operated in large measure by men of limited education. It is certain that more intelligent appreciation of certain elementary principles of science is desirable, if not essential, to the progressively profitable operation of such equipment. It has been found that where the management of a mill is definitely interested and active in the matter of education, the employee can be interested in the idea of study to fit himself for advancement in the operation and for control of such equipment. Numbers of men with very scanty education have, by the encouraging attitude of the management, been enabled to complete courses including quite advanced subject matter.

"We quote three paragraphs from an excellent editorial on this point, entitled "Practical Paper Makers vs. Technical Knowledge," which appeared in the December, 1926, quarterly issue of the Paper Makers' Journal:

Art Has Advanced

"The whole art of paper making has advanced, not alone by improved mechanical methods, but also by eliminating all element of guess work by scientific methods, which is the result of the employment of men versed in the knowledge of many arts. Practical men, there always will be, to be sure, but they will not be advanced beyond machine tenders or boss machine tenders. We have now reached the stage where each man is good only on the position he occupies. He certainly does not have opportunity, in a practical way, to learn all about the whole science of the paper industry.

"If practical experience cannot give us the qualifications necessary to encompass the whole science of making paper from the first process to the last, which is marketing the same, then it is necessary for us to take up the trade from its technical requirements. How is this to be done? It will have to be done through study classes. This, of course, will require that we give some of our spare time to study. Be that as it may, if we wish to go forward to higher position in the industry, we have got to in some manner gain this technical knowledge. Those who come into the trade through the research and executive departments have not the same favorable opportunity to learn every detail of the art of manufacturing paper, as have the men who start in as apprentices on the paper machines, and work up after years of experience with the peculiarities of numerous mechanical operations in the process of forming the furnish into a sheet of paper and into a finished product for shipment.

Can Rise to Top Jobs

"If we combine our advantage in this respect with the advantage procured through technical education, there is no reason why men who come in at the bottom cannot attain the highest position the trade or industry has to offer. This in the opinion of the writer, is the only sure way to advance our interests."

"In conclusion we draw your attention to two recommendations made in this report. (a) That each mill appoint a responsible small committee on educational matters. (b) That the Association have one committee only on educational matters, with sub-committees as required."

New Newsprint Mill Planned on Pacific Coast

From Our Own Correspondent.

MONTREAL.—Negotiations leading to the establishment of a 200 ton paper mill by the Crown Willamette Paper Company of San Francisco, on the East coast of Vancouver Island have just been completed. In the meantime, the Canadian Crown Willamette Company has been incorporated with $5,000,000 capitalization as a subsidiary of the Crown Williamette Paper Company. The parent organization is already operating four paper mills on the Pacific coast. It is understood that the contemplated developments will run over a period of 5 years and will cost some $15,000,000.

Power developments will be undertaken at Campbell River Falls on the East coast of Vancouver Island, where there is power sufficient to supply a mill capable of manufacturing 1,000 tons of newsprint daily.

GOVERNMENT INTEREST PROTECTING FORESTS AIDS WHOLE INDUSTRY

(Continued from page 17)

and brought about some interesting results.

Woodlands New Proposal

The reorganized woodlands section has carried out its pre-arranged program. Its report, submitted to this meeting, contains valuable information relative to woods operations and is worthy the attentive study of every member. The section has come to the conclusion that their interests and those of the companies comprising the association could best be served by the employment of a woods department executive to give all of his time to problems arising out of the woods operations. They are asking for a financial contribution which will enable them to inauguarate the work they have in view. Their proposition has been considered by the executive council of the association and comes before you with the council's approval. It goes without saying that anything that can be done to improve conditions in the woods department of our industry deserves the utmost support and encouragement of our association. The drain upon our forests for the needs of our industry increases year by year. The total drain, including wood exported in its raw state, now approximates 5,000,000 cords annually, the product, at a conservative estimate, of not less than a million acres of land. It should be our endeavor to harvest this wood to the best possible economic advantage and to employ methods and means looking towards a continuance of the supply. The program of the woodlands section is based entirely on the furtherance of these two principles.

American Association

The association was honored during the year by a fraternal visit from Norman W. Wilson, president, and Dr. Hugh P. Baker, secretary of the American Paper & Pulp Association, who came to Montreal to propose some form of joint active co-operation between the two associations. As a result of their visit it was decided to organize a joint international Committee on which the two associations should have equal representation. The The activities of the joint committee, it was determined, should be confined wholly to the consideration of problems and questions of mutual concern and should not touch upon or deal with those upon which there may be a divergence of view between the two associations. It was also decided that the president of each association should appoint five members to represent his association, with the presidents and secretaries as ex-officio members, and that, subsequently, a joint meeting should be held for further action. Your president named as the Canadian members of the committee: Messrs. P. B. Wilson, K. S. Maclachlan, I. H. Weldon, F. G. Robinson and J. Leonard Apedaile. The joint committee subsequently held an organization meeting in New York at which the American section submitted a list of subjects which, it was considered, would be to the mutual advantage of the committee to study and to confer upon. The list comprised such items as stream purification in its relation to the paper industry, the saving of mill waste, industrial training and education, investigation of new species of woods for producing pulp, the exchange of statistical and related information, co-operation in research and standardization and simplification. These subjects were taken under consideration and a further conference was agreed upon. It will be for your association to-day to say whether you approve of the action so far taken and whether you desire the movement already inaugurated to be continued and if so to confirm the appointment of the Canadian members of the committee as your representatives and authorize the executive to fill any vacancies that may occur during the year.

Educational Work

The educational work carried on under the auspices of the association has been well maintained during the year, as will be seen on reference to the reports submitted. In this connection the association acknowledges a grant of $5,000 from the provincial government of Quebec to assist in defraying the cost of translating into French and of publishing a French edition of the text-books on paper-making produced by the joint vocational educational committee. The purpose of the French edition is to make the books available to the French-speaking operatives in the mills. Publication is being carried on by the Industrial & Education Publishing Company. The first volume has been completed and is available and work on the remaining four volumes is progressing.

Governmental Affairs

Questions relating to the administration of the Canadian tariff and other governmental matters have been given some attention by the executive during the year. A special representative at Ottawa has also been engaged to look after our interests. It has been found that in a number of instances the department of customs and excise have made rulings, changing duties on imports, upon ex-parte showings by interested parties to the considerable detriment of many of our members. We contend that when a change in the rate of duties or in the regulations is in contemplation public announcement should be made in advance so that those to be affected may have an opportunity to present their views, or, at any rate, that whenever a change is to be made notification in advance should be sent to all the industries affected. We are also advocating the appointment of an expert paper appraiser to pass upon imports of paper.

In connection with the tariff it is agreeable to note that the Australian Trade Agreement, whose effects have been demonstrated during the year, has proven beneficial to our export trade to a marked degree. The value of our paper exports to Australia for 1926 amounted to $2,874,777. In 1925, before the treaty came into full effect, our total exports there amounted to $1,445,764.

The Tariff Board

The association made an appearance before the advisory board on tariff and taxation in support of an application made by the Magazine Publishers' Association of Canada for a duty on imported magazines and in opposition to a suggested reduction of the duty on book paper.

The association also made an appearance and presented a brief before the Railway Commission of Canada in the hearing now in progress to determine the necessity, if any, for a general revision of freight rates in Canada, setting forth the bearing of freight rates upon our industry and protesting against any change likely to affect us injuriously.

Active association has been maintained throughout the year with the Produced-in-Canada committee of the Canadian Manufacturers' Association and efforts continued to increase the demand for Canadian-made paper of all kinds.

A revised directory of the pulp and paper mills of Canada was compiled and issued during the year and has met with a very considerable demand.

Lord's Day Act

There has been a tendency upon the part of some of the provincial governments to hamper our industry by demanding a literal compliance with the Lord's Day Act, and in other ways. This has been met by our members in a spirit of conciliation and a willingness to comply with every reasonable demand. The authorities, however, should bear in mind the peculiar nature of our industry, some branches of which necessitate continuous operations, as well as the fact that we are in competition with the paper manufacturers of the world and that anything which adds to cost of producing paper in Canada or which tends to interfere with the regularity of our shipments to other countries contributes to the success of our competitors abroad and works to Canada's disadvantage.

Notable Anniversary

The current year marks the twenty-fifth anniversary of the founding of the Pulp and Paper Magazine of Canada. While the magazine bears no official relationship to the association we recognize the service it renders, more particularly to the technical section and in our educational work, and are not unmindful of the part played by the magazine in the early days of the association. We extend our felicitations to the publishers upon the achievement of their twenty-fifth anniversary and trust that many more prosperous years await them.

The association during the year suffered the loss of two of its outstanding members through the death of Norman Lang, vice-president and general manager of the Powell River Company of Vancouver, and F. N. McCrae, president of the Brompton Pulp & Paper Co., Ltd., of East Angus, Que. Each of these men had occupied an important place in our industry and both had given unsparingly of their counsel and material support to the advancement of its interests. Mr. McCrae, both in his capacity as an industrial leader and as a member of the House of Commons for many years, rendered exceptional service to the industry, while Mr. Lang lent undoubted strength to our interests on the West Coast, where his chief activities were centered. Both will long be missed from our councils and their loss is sincerely mourned.

Increase in Membership

Our membership has been increased during the year by the addition of the following new members:

A. P. W. Pulp & Paper Co., Ltd., Sheet Harbor, N.S.
Bennett Limited, Chambley Canton, Que.
British Columbia Pulp & Paper Co., Ltd., Vancouver, B.C.
Port Alfred Pulp & Paper Corporation, Montreal.
Quebec Pulp & Paper Co., Ltd., Chicoutimi, Que.
Spruce Falls Power & Paper Co., Ltd., Toronto, Ont.
Westminster Paper Mills, Ltd., New Westminster, B.C.
Lotbiniere, McCrae, Baker, Inc., Nicolet Falls, Danville, Que.

Statistical Department

Our statistical department has sent out to the members an average of about forty reports on various subjects each month. Several new reports introduced during the year were favorably received. The addition of new companies to the regular production reports has increased the value of these reports, and it is hoped that further additions will be made during the coming year. Contact has been maintained with the various associations in Scandinavia, Finland, Germany and Great Britain, and has resulted in keeping our members informed of conditions in those countries. An effort is being made to establish an interchange of reports among the members of the mechanical pulp section on mill efficiency with a view to developing a series of reports covering various aspects of mill operation, which will be of value to all taking part in the exchange. The department welcomes suggestions and criticisms from the members so that the service rendered may be improved and its value to the membership thereby increased.

Looking Forward

In conclusion, I think it may fairly be said that the association is in a healthy condition and that its continued prosperity is reasonably assured. Considering, however, the added obligations we are taking on year by year and the fact that our budget, without taking into account any outlay in connection with the proposed Research Institute, now approximates $75 000 year, some degree of caution should be exercised in assuming additional commitments. It will also be necessary, if we are to carry to fruition the several enterprises now under way to continue to serve the industry as in the past, not only to maintain our membership at its present strength, but also to enlarge it by taking in companies who for one reason or another have held aloof from membership. That these are not very numerous is a matter for satisfaction, but we should aim to make the association 100 per cent. representative of the industry. It is my earnest recommendation to the incoming executive that strong efforts should be put forth during the coming year to accomplish that end.

The paper-making industry, as we know it, is less than 400 years old, but its organization into trade bodies, even in the older countries, began only about half a century ago. It is to be noted that our sister organization in the United States, the American Paper and Pulp Association, are this year celebrating their golden jubilee. Our own organization has even fewer years to its credit, this annual meeting being its fourteenth. Effective progress, so far as our association is concerned, dates from the close of the war. There is still much to be done and that can only be accomplished by united effort. Our plan of organization permits each group in the industry to legislate in its own behalf, but places the entire machinery of the association at the service of all. Some groups, it may be said, receive greater benefits from it than others, but it is open to every group to make the fullest use of facilities available and to the individual members of the groups to co-operate with one another to their mutual advantage. Only by so doing will they find the organization measure up to its ideals.

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Head Office:
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Pulp and Paper Prospers, Outlook Satisfactory

(Continued from page 26)

mill operations the members of the section are more effectively meeting competition from countries where cheaper labor prevails. The quality and volume of imports has been constantly under review during the year, and much progress has been made.

Imports Show Decline

The stamps which are issued by the section and used by purchasers of printing, specifying that all orders must be billed with paper manufactured in Canada, had a definite effect of bringing to the attention of the members many opportunities for supplying domestic instead of imported grades with equally satisfactory results to the users.

The change in the volume of imports during the year is shown by the following figures:

10 months, 1926......	$9,077,886
10 months, 1925......	7,583,046

By close co-operation during the year the section was able to handle in a satisfactory manner many problems connected with the production and distribution of their products among which the following are of special importance.

1. The trade customs were thoroughly revised and have been issued in the form of a booklet which has met with general approval by the trade.

2. The request of the magazine publishers to the Advisory Board on Tariff and Taxation has been carefully studied and conferences have been held with the other parties interested.

The prospects for 1927 are considered very good as the beginning of the year finds all the mills well filled with orders.

During the past year several new grades of paper have been introduced which duplicate the desirable qualities obtained by the use of European paper manufactured from Esparto grass and other special fibres. Two pulp mills manufacturing special short fibred grades of pulp from poplar will make the efforts of the members to meet such competition as this more effective during the coming year.

K. S. MACLACHLAN,
Chairman.

Paperboard Makers Better Conditions

Conditions in the past twelve months in the board industry were appreciably better than in the previous year, and the improvements noted toward the end of 1925 continued throughout the year. The general business situation in Canada was brighter than it had been for some time past with a consequent favorable effect upon all the lines of industry.

Demand has been good and prices have remained fairly steady. Considerable quantities of board are still being imported to the disadvantage of our Canadian mills, the prices of these imported goods generally being appreciably lower than the domestic mills are able to meet.

Details of production and shipments are given below:

		Shipments		
	Production	Canada	Export	Total
	Tons	Tons	Tons	Tons
1926	114,723	98,633	14,858	113,491
1925	104,533	91,264	13,282	104,546
1924	97,959	83,432	14,715	98,147

Present indications are that the improved business shown in 1926 will continue during the coming year and that the period of depression from which the Dominion has been suffering is now ended and the general outlook is more optimistic.

D. F. ROBERTSON,
Chairman.

Wrapping Paper is Steady; Prices Drop

Generally speaking the volume of business in the wrapping paper market has been fairly steady, although prices have receded slightly. A considerable quantity of wrapping paper is being imported each month and for the first eleven months of the year these imports amounted to over 7,000,000 lbs. some of the shipments being at very low prices.

A good deal of inconvenience is caused by the sales tax which so far as it applies to the wrapping paper trade is particularly cumbersome owing to the various rulings in regard to different members.

The mills reporting to the association produced in 1926, 28,559 tons, including kraft 9,426 tons, mill wrappers 8,711 tons and miscellaneous 11,452 tons. These totals were greater than the totals for the previous year. Shipments were also heavier during the year the total quantity shipped being 28,852 tons as compared with 26,583 tons in the previous year.

F. J. CAMPBELL,
Chairman.

Felt Makers Expect Satisfactory Volume

As outlined in my report for the year 1925, the manufacturers of felt paper experienced a great deal of difficulty, owing to high priced rags.

This condition, of a rising rag market with little demand for paper continued until March, when rag values declined rapidly and the price of felt paper was well maintained. The roofing business became quite active, and there was a steady demand for felt paper, until the end of the year.

Due to these conditions the manufacturers of felt paper were able to regain pretty well what they had lost.

Present indications are that active building operations will continue during 1927, and although rag prices have shown a tendency to stiffen, the large users in the United States are well supplied, and we do not anticipate much advance until spring when import rags will be available.

The felt mills, therefore, should enjoy a very satisfactory year during 1927.

W. E. WALKER,
Chairman

Mechanical Pulp Output Increased

The year commenced under favorable conditions for the mechanical pulp mills, stocks of pulp being low and prospects good for a steady demand. These conditions were maintained during the year and there was a considerable increase in the production of groundwood due to greater newsprint production and to heavier shipments overseas.

Export shipments exceeded those for the previous year, shipments to the United Kingdom having increased by nearly 100 per cent., and those to France by 50 per cent. To the United States, however, shipments were slightly below the figures for 1925.

Water conditions were generally good throughout the season, the water supply being above the average in most sections during the summer months. Prices were steadier although not very remunerative, but considering the tonnage produced in Canada and the United States were perhaps as good as could be expected.

Stocks at the end of the year are low and with present indications pointing to better business conditions and a continuance of a steady demand there should be some improvement in prices during the coming months.

Arrangements are being made for an interchange of reports on operating efficiency between the mills making groundwood for sale, and it is hoped that all these mills will participate in this exchange for their mutual benefit.

J. A. BOTHWELL,
Chairman.

Tissue Paper Meets Foreign Competition

Business during the past year has been somewhat better than in the previous year, and the production of tissue paper increased to some extent.

Importation of foreign tissues, especially flat tissues, however, still continues on a considerable scale and interferes with the interests of the Canadian tissue mills. On several occasions the customs department has been requested to investigate definite shipments, and while we are informed that these requests are receiving attention no report on them has yet been received.

It would appear that the customs department lacks the necessary staff of officers, trained appraisers and foreign customs agents to make proper investigation and report the results on foreign shipments. As a consequence these imports appeared to be dumped on the Canadian market which is a matter of great concern to us as we believe that all unfair competition should be eliminated.

A new tissue mill is being established by the Superior Paper Co. at Thorold, which is scheduled to come into operation at an early date.

GEORGE CARRUTHERS,
Chairman.

Coated Paper Trade Prospects Excellent

The coated paper industry in Canada has shown an improvement over 1925 and the prospects for the coming year are still better.

Manufacturers and publishers are demanding a higher grade than imitation art book which results in increased demand for various grades of coated paper.

Export trade is a shade below last year, and the prospects are not very encouraging for export unless the mills wish to take orders at cost.

During the latter part of the year the mills have had an opportunity to lay out their runs in advance. While we have a number of small orders to manufacture in special size, which increases the cost of production, the large users are gradually increasing the quantity of coated paper in their various publications and labels.

The demand for casein has increased the price over last year on the Canadian product, and there is still an uncertainty as to how high this price will go during 1927.

Mills look forward to a decided improvement in the demand of all grades, and are in a position to take care of any extra tonnage without making plans for extending their plants, and 1927 should see the mills running more steadily and nearly up to their present capacity.

F. H. GAGE,
Chairman.

Waxed Paper Has Small Tonnage Jump

The opening of the year 1926 did not present to the waxed paper section any particularly bright prospects. Faced wtih the serious situation of dividing between six concerns a volume of business which it was estimated would only have comfortably supported half that number and still have remained interestingly competitive, there was little room for optimism.

In support of my last report, there has been no appreciable increase in tonnage during the year. Low prices have prevailed on all lines of waxed paper, and the situation has been aggravated by the growing tendency toward the establishment of mergers.

Disorganized by Over-Production

Many large users of waxed paper have, during the past year or two been consolidated into two or three large corporations and the consequent centralization of buying power has had a very adverse effect on a business disorganized by the great possibilities for over-production.

Nevertheless, even our smallest members having managed to successfully weather the year, and with conditions slightly improving during the past few months, there is more room for optimism than when I last addressed you.

Somewhat better times are, I believe, not far ahead, and these can be hastened along by a little co-operation between our members. As previously, the various paper mills must also do their share if our industry is to be fostered and encouraged to embrace an export trade.

E. A. BRADSHAW,
Chairman.

Stresses Importance of Forest Industry

"I believe the destiny of Canada and the success of the Canadian people is going to be largely dependent upon the support and energy that is put into the four basic industries. Lumbering is one of those four, and causes us to give some consideration to this mighty resource the Canadian people enjoy, our forest wealth. There is agriculture, mining and fishing.

"I believe — and I have impressed it upon the Government in and out of season — in the necessity of lending whatever encouragement we can as a Government to these industries. These four basic industries need all the assistance they can get from Government sources, and they need the best brains of the country. With that done, we need have no fear as to the future."

— Hon. Charles Stewart at the Annual Convention of the Canadian Forestry Association.

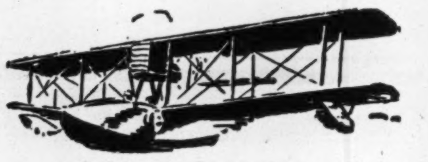
Tenth "Canada To-day" Out

The 1926-27 volume of "Canada To-day," which has just been published from the offices of Canada, the London illustrated weekly, is the tenth issue of this annual reference book on the Dominion of Canada. In its 212 pages conditions and opportunities in the vast territory from the Atlantic to the Pacific are presented.

Steps are being taken to develop additional electric power at Westbury this spring for the city of Sherbrooke, as the present supply is overtaxed.

Lacey Reports are the Accepted Standard

Aerial Forest Mapping



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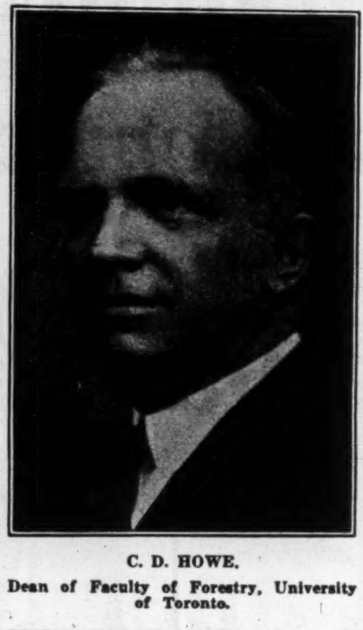
Forest Reserves Needed to Maintain Industry

By DR. CLIFTON D. HOWE,
At the Annual Convention of the Canadian Forestry Association.


C. D. HOWE.

Dean of Faculty of Forestry, University of Toronto.

The policy of establishing forest reserves is the very earliest forest policy in this country. The early colonists, both French and English, came from countries where the question of forest supplies had already become more or less acute. Wood and timber famines had occurred locally in both France and Great Britain as early as the 16th century. Thus the two governments concerned in the founding of Canada seemed determined to profit by the experiences of the past in developing their new colonies and to establish forest reserves. As you know, the purpose of this was to furnish supplies for naval construction. In both the French and early English regimes the cutting of pine and oak was prohibited without the previous reservation of the material fitted for naval construction. So far as I can determine from historical data at hand, and I will accept correction if I am wrong, the English went a step farther than the French in this matter. The French reserved only the trees, but the English reserved the soil on which the trees grew. The first governor in the English regime received instructions from the home government to set aside from settlement the lands unfit for agricultural purposes. He was especially to make forest reservations of the pine lands on Lake Champlain. More detailed instructions were sent out in 1775 and 1789.

No Forestry Policies

The gradual realization of the extent of the forests, the passing of the wooden naval vessel, and perhaps most of all, troublesome political questions, caused the subsidence and final disappearance of the forest reserve policy for nearly 150 years. It is evident that we started right in regard to a forest reserve policy. Under the economic and political conditions of those days, it is too much to expect that such a policy would have been continued, but perhaps one may be permitted to dream of what it would mean to us now, had the policy been adhered to and the non-agricultural soils been dedicated all these years to forest production.

Of Great Public Concern

Although the forest reserve policy was dropped until about 30 years ago, the advisability of soil classification, the segregation of absolute forest soils and agricultural soils, the futility of allowing settlement on soils hopelessly unfit for farming have frequently been a matter of concern on the part of the public, especially of lumbermen. This is made apparent to one reading the reports of the various royal commissions appointed from time to time in practically every province in Eastern Canada, to investigate some phase of the administration of the Crown lands. In the past 100 year, six such commissions have been appointed in Ontario an average of one in each 16-year period. Four of these commissions have recommended soil classification and the setting aside of forest soils for forest production alone. The idea of forest cropping and forest crop rotation was clearly and emphatically presented by certain lumbermen in the hearings before the commission of 1849. That was 75 years ago! This did not get into the recommendations of the commission of that time, but it was clearly stated in the report of a commission that was set up thirty years ago.

No Government Policy

The recommendations of these four commissions in regard to the advisability of soil classification in forested lands have not yet expressed themselves in a governmental policy in Ontario, although there has been a rough general classification of soils in the forest surveys that have been extensively carried on in the past ten years. None of these, however, has been in sufficient detail to determine the applicability of the soils for the various agricultural or forest production uses.

The recommendations of these commissions in regard to the creation of forest reserves found expression in the creation of such reserves in the middle nineties. Up to date forest reserves and forest parks in Ontario have a total extent of some 14,411,520 acres. Some of them have virgin timber which should be cut and is being cut, but it is being cut with no thought or planning for a future crop of the present commercially valuable species. Therefore they are forest reserves only in name. There is every indication that the forest reserves in Ontario are traveling the same road as the ordinary timber limit or pulpwood concession in regard to the future supplies of our valuable species. You, as members of this association, know too well where that road is leading to require a detailed discussion at this time. I will simply say that our treatment of the forest has been such as to push its productivity down to constantly lower and lower levels.

Results Are Achieved

The association has done good work and each year is doing better work in educating the people to the necessity of more vigorous and more effective fire protection. After twenty-five years of continuous and unremitting labor the association is beginning to see some actual results in the forest of its work. The problem is not solved, however. There is need for still greater effort. I think we should realize the fact that even adequate fire protection will never solve the problem of future supplies of high grade timber and pulpwood. That can come only as the result of conscious effort and sustained planning in directing the reproductive forces of nature in field and forest. While we will probably always have supplies of wood of some kind, we will not have supplies of the kinds best suited for our markets, and consequently always the higher priced, without creating conditions so that nature can readily produce them. As you know, there are two methods of creating such conditions: by artificial regeneration through planting and by natural regeneration through regulater cutting methods. The former is undoubtedly feasible and will be profitable under certain conditions. I believe we will see great advances in forest planting in the next few years, but I do not think that the most enthusiastic advocates of forest planting believe that all our future supplies can be economically produced through that method to the neglect of our extensive areas of forest land already partially stocked with the young growth of the commercial species.

The forest conditions and the economic conditions of the country demand the setting aside of forest areas for the purposes of forest production and that they should be so treated as to furnish continuous supplies of timber and pulpwood. It takes a long time to transform nature's low yield forest to man's high yield forest. There is little doubt that the virgin supplies of pine and spruce, with the rapidly increasing rate of exploitation in case of the latter, will be exhausted in a comparatively few years as measured by the economic lifetime of an industry, and that there will be a distressing hiatus from the period of economic exhaustion to the period of the maturing of the young growth that already exists in the forests. Therefore, the urgent need of setting aside of forest reserves to be managed on the basis of a sustained yield. We already have the reserves in many cases; some of them are quite successfully undergoing the beginnings of management; too many are lying idle from a forestry standpoint. I believe the association should make it a definite part of its program to educate the public to the necessity and urge the governmental organizations concerned to dedicate areas of forest lands to the continuous production of forest supplies and to develop them accordingly.

YOUNG MEN SHOULD TAKE AN INTEREST IN THE FOREST PROBLEMS

((Continued from page 7)

regenerative forces in the forest, in the long run pay a satisfactory return on the investment. Man's intelligence, just as in agriculture, can increase many-fold nature's productivity in the forest.

Have Made Some Progress

I do not intend to leave you with a too pessimistic impression of our forestry situation. We have made a good deal of progress in the past ten years. There has been no time in our history when the people as a whole took so much interest in our forest conditions. I am making an appeal for still greater progress. I believe that our present program is inadequate to meet the requirements of a future which the majority of us will live to see.

In the 16th and 17th centuries the British Empire was extended and maintained very largely by the means of a wooden navy. It was a favorite expression of the writers of that day to say that the Empire was defended by wooden walls. A brilliant writer and patriot, in the middle of the 17th century tried to convince the people that the second line of defence was represented by the wooden walls in their living condition, that is, by the forests. Unless they were maintained, the navy could not be maintained unless the navy were maintained, the Empire could not be maintained.

Britain Re-planting Forests

Times have changed; navies have changed their character, but the idea of the old writer has not changed in its application. The last war brought that home to us. You know how much the final victory depended upon wood how near it came to being lost for the lack of sufficient supplies of the proper kind of wood for trench reenforcements, for light railways behind the lines, for the construction of barracks and for aeroplane stock. You know how the magnificent old forests of Great Britain and France were stripped for these purposes, how our own forests were drawn upon to contribut their quota. It was because of these experiences that Great Britain in 1920 in spite of her great load of public debt appropriated $15,000,000 for the first ten-year period of forest reconstruction through planting and is planting at the rate of about 10,000 acres per year. She will never again be caught in a position where the lack of forest supplies may determine the outcome of a war. If happily the war never comes she will have a profitable investment.

It was because of the war experiences in relation to supplies of wood that the Imperial Forestry Conference was formed, one of whose primary objects is to bring about a stocktaking of the forest resources throughout the Empire.

We might modify the thought of the old writer referred to above by saying that the second line of defence of a country in time of war is entrenched in the soil, and it expresses itself in terms of food and wood. The second line of defence in time of peace, or in other words the basis of industrial development and nation building, is also entrenched in the soil and it expresses itself in the same terms: food and wood. The first line of defence of a country in both peace and war lies in the character of its people.

The products of the farm stand first and the products of the forest stand second in the contribution to Canada's annual creation of wealth. We are proud of the agricultural development in this country. We are proud of the phenomenal development of the pulp and paper industry and the allied development of water powers in the past few years. We would be in a very poor position industrially and financially were it not for this development. During the past year Canada has outstripped the United States in the production of pulp and paper. Plans are on foot for greatly increased production during the next few years.

Industry is Star of Wood

The pulp and paper star is in ascendancy in Eastern Canada, and it will be for a number of years to come, but we must not forget that it is a wooden star and will therefore eventually grow dim and decay unless there is conscious planning and sustained effort to keep it bright so that it may continue to shed its effulgent and golden light upon the stockholders and the workmen in the forest and in the mill.

We are proud of these developments, proud of the business ability and human energy behind them, but when we come to our treatment of the forest on which all this creation of wealth depends; when we realize the extent of the destruction of its recuperative powers by repeated forest fires, when we realize that the cutting methods employed are such that the regeneration of the most valuable species is entirely inadequate to meet future needs, we cannot say that we are proud; in fact, we must bow our heads in shame. Why can't we have the same enthusiasm for forest cropping that we have for wheat cropping The value of the forest crops is nearly equal to that of the wheat crop. The one is just as important as the other in the welfare of the country, and there is just as much romance in forest cropping as in wheat cropping, indeed more, for when you have once established a forest on a proper basis and cared for it in a proper manner, it goes on forever. And this is the thought, the vision I wish to leave with you. The vision of a Canada with her forests so treated that they will produce for all time adequate and continuous supplies of raw materials from the most valuable and profitable trees, such as pine and spruce, for her wood consuming industries, with her river valleys whose soil is non-agricultural. dotted with mills and developed waterpowers and with their consequent busy, contented and prosperous population; a Canada with her railways and waterways crowded with manufactured forest products on their way to the markets of the world; a Canada with the accompanying benefits of the forests fully developed, a summer refuge and recreation ground for the teeming millions in the great cities to the southward with her fish and game and fur-bearing animals conserved and protected. In a word, a Canada reaching the full realization of her wonderful economic possibilities.

CONFIDENCE

COMSTOCK COMPANY LIMITED

THE
CONTINUED
CONFIDENCE OF THE
PUBLIC PROCLAIMS
THE SOUNDNESS OF THE
STANDARDS UPON WHICH
OUR BUSINESS IN FOUNDED—

CONTRACTS FOR ELECTRICAL WORK
NOW IN HAND

CANADIAN INTERNATIONAL PAPER CO...GATINEAU, QUE.
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CAN. INTERNATIONAL PAPER CO....THREE RIVERS, QUE.
TIDEWATER PAPER MILL..............MURRAY BAY, QUE.

CANADIAN COMSTOCK COMPANY
LIMITED
NEW BIRKS BUILDING - MONTREAL

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sturdy frame — strong axles
a powerful motor

The
GOTFREDSON
Built for Work

BECAUSE efficiency of his hauling equipment is the thought uppermost in a truck owner's mind — not initial cost — no expense is spared to make Gotfredson Trucks the best that are built.

This initial care is directly responsible for the long, trouble-free life of Gotfredson trucks; for records of more than 100,000 miles with practically no repair charges.

There is a Gotfredson Truck built to meet exactly that hauling job you have in mind; see the nearest Gotfredson representative or write us direct for the whole absorbing story of Gotfredson's proven performance.

Gotfredson Truck Corporation Ltd.

Head Office and Factory
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Dependable Investments

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Suggestions on Request

PULP INDUSTRY HELPS RESEARCH IN LABORATORIES

Annual Report of Research Section Reveals Progress Made in Important Branch

The pulp and paper industry in Canada has always given the lead to other corporations in its employment of science as means of improving production and reducing costs. The companies employ chemists and technicians freely in the solution of their problems, but more than this, there is a research section of the Canadian Pulp and Paper Association which confines its energies principally to fundamental research.

This research is carried out jointly by McGill University and the association in the Forest Products Laboratories in Montreal. The association intends to erect a new building to house the increasing activities of these laboratories.

The laboratory is engaged in an endeavor to make discoveries, not inventions, which affect the industry as a whole. Naturally the laboratories carry out technical work, but their objective is fundamental research—the technical work, that is the application of facts which the laboratories uncover will more or less be left to the technical men employed at the mills.

In realizing the value of research work, as well as merely technical work, the industry is following in the footsteps of many industries in the U. S. and on the Continent, which have profited vastly by always being just a jump or two ahead of their competitors. Some industrialists have sometimes believed that ignorance of matters scientific is bliss and have awakened to the truth only when forced to do so by competition. The pulp and paper association has never been in the latter category.

Research Work

The work of the research section of the Canadian Pulp and Paper Association during the past year is reviewed in the report of C. H. L. Jones, the chairman of this section of the association; it says:

Your research section held four formal meetings and a number of informal conferences during the year just closed, although the bulk of its work has been carried on as heretofore, during the intervals by an executive committee duly appointed for that purpose.

Definite progress has been made with the program undertaken last year in connection with the pulp and paper division of the Forest Products Laboratories. Some difficulty, however, has been encountered in organizing the staff along the line proposed and this has been accentuated by the fact, pointed out of the unsatisfactory character of the working quarters available to the division. Your section has met this situation temporarily by making a co-operative arrangement with the Department of Industrial and Cellulose Chemistry of McGill University under which the head of that department, Dr. Hibbert, has taken over the complete direction of the program of investigation as explained in the report of the director of the division which is made a part of this report. It becomes more and more evident, however, that perfect results cannot be looked for until proper building accommodation is provided, whether it be through the agency of the Canadian Pulp & Paper Association or in some other way. The building proposal now before the association had its inception with our section, and arose primarily out of the need, the very urgent need, as we see it, for a research laboratory properly housed and equipped, and devoted solely to the interests of our industry. This section is now more than ever heartily in favor of such a building and trusts that the present annual meeting of the association will take the necessary steps to provide the same. We submit the following:

Report of the Director of the Pulp and Paper Division, Forest Products Laboratories

"**Organization.**—The organization of the active workers of your research endeavor has proceeded along the general lines developed by the research section and the joint administrative committee. Difficulties have been encountered in the development of certain phases of this organization but at the present time it represents a closely-knit and efficient body of workers.

"You will recall that the general scheme of organization consisted of an executive head with two highly trained and specialized workers to take directional charge respectively of the fundamental and experimental phases of the work. Great difficulty was experienced in the allocation of men with the breadth of training and experience necessary for these posts but by readjusting the organization as a whole this obstacle has been overcome. This readjustment of the organization has been brought about by the program of work adopted, which, in itself, was developed in consideration of the situation in reference to the proposed building.

"**Program of Work.**—In conformity with the program of work as given in the annual report for 1925, work was continued on the standardization of tests for the chemical and physical properties of wood and pulp as related to the industry. By the end of August sufficient had been accomplished to warrant the adoption of certain well defined conditions covering the majority of the tests met with and as further work in this field seemed to hold forth but little time and labor required, this phase oi of definite value in comparison to the the work was largely discontinued.

"Upon the abandonment of methods of measurement as the primary field of investigation careful consideration was given to the selection of the problem which should replace it as the major work of the organization.

"In this relation the probable facilities for accommodation during the period of the next twelve or fourteen months had to be considered as it was patently useless to design and start operations on a large semi-commercial investigation if the equipment was to be dismantled shortly after the work was under way. To avoid any such possibility the field of investigation has been kept entirely to fundamental studies and those concerning the sulphite process chosen as the most widely applicable and most promising of direct returns. To assure of proper conduction of these investigations, Dr. Hibbert has assumed entire directional charge of the work and practically all the active workers of the organization are being employed under his guidance.

'The importance of the standardization of the physical testing of pulp has been realized and is included in the program.

Summary of Work

"The system of reports outlined in the last annual report of this section has been closely followed and the reports are on file in the director's office for reference by any one who may care to use them.

"A determined effort has been made throughout the past year to develop a wider adoption of recognized methods of analysis used in our industry. Considerable progress has been made in the field of physical testing of pulps, but due to the more complicated nature of the tests and the more intricate investigations involved, no great progress has been made in chemical testing. In the latter field our efforts have been particularly devoted to the 'Cellulose' and 'Alpha Cellulose' tests. Such a great amount of conjecture still remains in the absolute value or meaning of these tests that it is an exceedingly difficult matter to obtain international adoption of even a tentative standard method of procedure.

Physical Testing of Pulp

"More real progress has been made in the physical testing of pulp. In conjunction with the sulphite committee of the American Association a proposed International Test for the unbeaten strength of pulp has been worked out and is before the technical associations of Britain, United States, Norway, Sweden and Canada for discussion and adoption as a proposed standard method. The question of 'disintegration' has been studied with the resultant development of the Dazy churn for this purpose. The Beaten test for pulps is under study at the present time, this work also being designed for international standardization. The wide adoption of the Standard Freeness Test, concerning which 44 instruments have been shipped to mills scattered throughout Canada, the United States, England, Norway and Australia, is also indicative of progress in this field. All these instruments have been under supervision during construction and have been calibrated by the laboratories.

Work Brings Results

"During the first half of the year the efforts of your organization were almost solely devoted to the developments of methods for the chemical analysis of wood and pulps. This work yielded a large amount of data on the following tests: Alpha Cellulose, including the basic reaction Cellulose-Caustic Soda; the isolation of cellulose from wood; the determination of furfural yielding bodies; Copper Number, Baryta Resistance and the isolation of lignin. In conjunction with this work a number of bibliographies were prepared, new apparatus developed and constructed and a start was made on the 'Solubility Relations of SO_2'.

"During the latter half of the year the new program of work came into active being and our efforts have been almost completely devoted to a fundamental study of the sulphite process. This investigation has a two-fold object, first, the development of a larger field of a somewhat cruder product especially designed to serve the newsprint industry; and second, the production of a high yield pure cellulose pulp particularly designed for fine paper and derived cellulose product manufacture. This investigation is truly fundamental in that the course of the basic reactions of the process are being sought and studied, first by the study of pure compounds of known composition under predetermined conditions of reaction; and second, by the study of heterogeneous mixtures similar to and including wood under conditions approximating commercial operations. Dr. Hibbert has directional charge of this work and the resources of both the Division of Pulp and Paper and the School of Cellulose Chemistry at the University have been largely thrown into this endeavor.

"Concurrently with this major investigation, work is being carried out on the standardization of the physical testing of pulp as outlined above.

Some Publications

"An issue of 'Research Notes' containing the completed work on 'Alpha Cellulose' was published in October. Another issue has been practically ready for publication for some months but has been withheld awaiting definite substantiation of some data contained therein. Pending this confirmation, data from a totally different investigation have been prepared for the printers and will be published in the near future."

The research section took an active part and contributed materially to the program of the two days' meeting of the Canadian Society of Chemists in Montreal last summer.

Paper Men Hear Technical Papers

The annual meeting of the Canadian Pulp and Paper Association was marked by the presentation of a large number of informative technical papers, which were presented at the meetings, and later discussed by the members.

To the Woodlands Section of the association, the three chief papers presented were:

"Practical Considerations in Calculating the Cut." A. Graham, Quebec Forest Industries Association.

"Solving Problems in the Practical Handling of Freehold Timber Lands." H. L. Churchill, Finch Pruyn Co.

"Fire Protection by the Operator." W. G. Wright, Price Bros. & Co.

The papers presented to the Technical Section of the association were many and varied; they included:

"Utilization of Lime Sludge." Dr. John S. Bates, Chief, Research Department, Price Bros. & Co., Limited, Quebec.

"Some Fundamental Factors in the Drying of Paper Products." Dr. W. K. Lewis, Prof. W. H. McAdams and F. W. Adams, Dept. of Chemical Engineering, Massachusetts Institute of Technology, Cambridge, Mass.

"The Distribution of the Uncondensed Gases in Paper Machine Dryers." L. D. Tatley, Laurentide Co., Grand'Mere, Que.

"Construction and Operation of a Segmental Pulp-Stone." W. W. Greenwood, of the Norton Company's Research Laboratory, Worcester, Mass.

"Resin in Paper Making." Dr. John Campbell, Ph.D., A.R.T.C., Abitibi Power and Paper Co., Limited, Iroquois Falls, Ont.

"Steam Generating Units." John Blizard, Research Engineer, Power Specialty Company, 111 Broadway, New York.

"Combustion Control." Lieut.-Col. Jas. Mess, Mechanical Engineer. Dominion Flow Meter Company, Limited, Toronto, Ont.

"Solubilities of Sulphur Dioxide." W. B. Campbell, Pulp and Paper Division Forest Products Laboratories, Montreal.

A World-Wide Organization *at the Service of* Canadian Pulp *and* Paper Mills

The reliability and economy of operation of the Power Plant Equipment supplied by this Canadian Company may be judged by the list of installations below, including as it does, the outstanding Pulp and Paper Mills throughout the Dominion.

Pulverized Fuel

Laurentide Pulp & Paper Co.
Canadian International Paper Co.
St. Lawrence Paper Mills.
St. Annes Power & Paper Company.
Spanish River Pulp & Paper Mills.
Fort William Paper Co.
Lake St. John Power & Paper Co.

C. E. Fin Furnaces

Laurentide Pulp & Paper Co.
Canadian International Paper Co.
St. Lawrence Paper Mills.
St. Annes Power & Paper Company.
Spanish River Pulp & Paper Mills.
Fort William Paper Co.
Lake St. John Power & Paper Co.

Air Preheaters

Laurentide Pulp & Paper Co.
Canadian International Paper Co.
St. Lawrence Paper Mills.
Lake St. John Power & Paper Co.

Stokers—Type E

Brompton Pulp & Paper Co.
Beaver Wood Fibre Co.
Spanish River Pulp & Paper Mills.
J. R. Booth.
Laurentide Co.
Pacific Mills.
Canada Paper Co.
Provincial Paper Mills Ltd.
Fort William Paper Co.
Abitibi Pulp & Paper Co.
Price Bros. Ltd.
Port Alfred Pulp & Paper Co.
Riordon Pulp Corporation.

Coxe Stokers

Brown Corporation.
Howard Smith Paper Mills.
Toronto Paper Manufacturing Co.
Brompton Pulp & Paper Co.
St. Lawrence Paper Mills.

Type K Stokers

Interlake Tissue Mills Ltd.

Ruths Accumulators

Price Bros. & Co.
St. Lawrence Paper Mills Ltd.
Canadian International Paper Co.
Manitoba Paper Company.
Newfoundland Power & Paper Co.
Brown Corporation.

Nordstrom Dryers

Crown Williamette Paper Co.
Thunder Bay Paper Company.
Consolidated Water Power & Paper Co.

TO the Pulp and Paper Mills throughout the Dominion, the Combustion Engineering Corporation offers a service of world-recognized efficiency and unequalled completeness.

This organization is prepared at all times to solve every problem involved in the burning of fuel, the generation of steam, the design and construction of equipment for the steam plant, from the coal bunkers to the steam headers.

By the acquisition of some of the outstanding figures in the field of combustion and steam engineering, and by the purchase of various plants specializing in particularly superior products, the Combustion Engineering Corporation is now the greatest organization on the globe manufacturing fuel burning and steam generating equipment.

Its products are in successful operation in North and South America, Europe, Asia, Africa and Australia, developing steam power from practically every known type of solid fuel. And every unit installed by the Combustion Engineering Corporation carries a conservative dependable guarantee based on proven performance and backed solidly by this organization.

The Canadian affiliation of this world-wide organization — the Combustion Engineering Corporation Limited — maintains the same efficient engineering and construction staffs and manufactures in Canada all of its products which can possibly be manufactured here.

It is prepared to assume the entire responsibility for the design, manufacture and construction of steam plant equipment and also to manufacture and install in Canada the Ruths Steam Accumulator and the Nordstrom Drying Tower for drying sulphate chips, sulphite chips and waste wood or bark for fuel purposes.

We will be glad to give the benefit of our experience to those with fuel and combustion problems to solve.

COMBUSTION ENGINEERING CORPORATION LIMITED
POWER PLANT EQUIPMENT

STOKERS OF ALL TYPES
PULVERIZED FUEL SYSTEMS
AIR PREHEATERS
COAL HANDLING EQUIPMENT
RUTHS ACCUMULATORS
SUSPENDED FLAT ARCHES
ASH CONVEYORS AND HOPPERS
PULVERIZING AND GRINDING MILLS
INDUCED AND FORCED DRAFT FANS
NORDSTROM DRYING TOWERS

HEAD OFFICE — MONTREAL. TORONTO. WINNIPEG. VANCOUVER

Pulp & Paper

Weather Forecasting Important in Modern Forest Fire Prevention

Public Not Yet Seized of Relation Between Two

By J. GORDON ROSS,

A paper before Canadian Forestry Association.

I am going to try to lay before you some facts about fire hazard with relation to weather. To do this I must show why weather is all-important to fire protection, and you will then judge exactly what sort of fire hazard forecasts we require.

I am not laying down rules or regulations, but am simply going to tell you about the elements which constitute a fire hazard.

Fire Hazard Forecasting

This subject is becoming one of the most important phases of forest protection. Do not confuse weather forecasting with fire hazard forecasting. The difference is this: Weather forecasting is carried out by a national meteorological station. Nearly every country in the world to-day possesses some of these stations. Each national station absorbs each day the reports from the stations of the other nations, so that in the Dominion Meteorological Station in Toronto, of which Sir Frederick Stupart is the director, a daily weather forecast is carried out by meteorologists by careful study of and interpretation of weather maps on which is kept a faithful diary of the preceding day's meteorological data from our own and other countries. Therefore the centres of depression are so closely followed, together with all other meteorological data, that the elements themselves are actually setting forth their program to the trained meteorologists whose duty is to thoroughly interpret this program. So that weather forecasting is the result of years and years of experience with meteorology and only those men who have received long and proficient training are able to interpret the existing state of the elements for the weather forecast for to-morrow. Fire hazard forecasting is the application of the general weather forecast to the existing trend in the field of the several elements which collectively control the fire hazard.

These controlling elements in order of their importance to forest protection I would place as follows: relative humidity, temperature, wind velocity, and barometric pressure, with precipitation, of course, being the most valuable adjunct that we know of.

Relative Humidity of Air

This is the amount of moisture in the air given in percentage. The less moisture the greater the fire hazard. When the relative humidity is high the air is giving off moisture that is to say the forest floor, the trees, etc., are absorbing moisture from the air, but when the relative humidity is low the reverse occurs, the trees, forest floor, etc., giving off moisture to the air. The inflammability of the forest changes rapidly with the rise or fall of humidity. The inflammability point is reached when from a partially saturated state the forest floor crosses the danger line of inflammability and is thereafter a continual source of hazard until the humidity again rises. It has been my experience that a low relative humidity reading will generally indicate high temperature and that when the relative humidity is say at 30 per cent., with the temperature at 70 degrees, a lowering of the relative humidity will usually be accompanied by a parallel rise in temperature, very often a drop of one per cent. will be featured by a rise of one degree So that faithful relative humidity readings tell us the state of the moisture in the air, from which it is easily seen the degree of hazard from fire to the forest.

Our danger line is 40 per cent. Above that fires will do little damage and are easily controlled. Below this reading the hazard is intensified, and all precautions in the forest must be exercised. With the relative humidity at 30 per cent., slash fires are becoming a danger to green timber, and are difficult to extinguish. Below 30 per cent., anything might happen.

Temperature Important

Temperature is an important factor. Generally a low humidity with a low temperature is caused by a northerly wind, but on the south shore of the St. Lawrence a northerly wind carries moisture from the sea and so relieves the relative humidity depression at once. When the humidity is low the higher the temperature. the greater the hazard. The reverse of this, however, does not follow. Very often when there scarcely seems to be a breath of air and everything seems muggy, when the sky is overcast, and yet no rain comes, and everyone feels perspiringly inert, one might find that the temperature is bordering on 80 degrees and yet the relative humidity might be at 90 per cent. This would not be a fire hazard. Sometimes during the hot, humid days, one hears the remark "what a terrible day for a forest fire." Actually any fires which might be then burning would be burning low and new fires would only smoulder. Why? Because the high humidity of the air is giving off so much moisture that the trees and humus and slash are all in a semi-saturated condition.

Wind Velocities

Wind velocity is more important as a factor in fire control than it is in fire hazard forecasting. Certain winds are supposed to bring rain, but they are fallable. To attempt to forecast fire weather by wind velocity it is necessary to have full weather reports from the Meteorological Bureau. By these reports we can see the forecast for wind direction and apply these forecasts to actual relative humidity and temperature readings from the field. This then will prepare us for to-morrow's weather, and we can see the probable fire hazard from our fire hazard forecasts which have been determined by the necessary weather forecasts from Toronto coupled with our relative humidity, temperature and wind velocity readings.

Barometric pressure is useful to fire hazard forecasting stations in keeping permanent record of pressure readings from barograph, or stormograph charts when the pressure can be compared to relative humidity, temperature and wind velocity results per reading. Also it can serve as a semi-local check on the Toronto weather forecasts, high pressure indicating fine and dry weather with westerly winds, etc.

Precipitation of Rain

Rainfall is an absolute necessity to us. Without it a drought occurs, and a tremendous fire hazard follows. If we could have our way we would like 4 to 5 inches of rain per month. Perhaps the potato growers would say this too much, the farmers might find it a trifle intensive, but the forest would be safe from fire.

In measuring rainfall an official meteorological rain gauge is used. usually made of copper, whose upper diameter is 5 inches and whose lower end terminates in a collecting copper receiver. When measuring the rainfall the collected water is poured from the copper receiver into a measuring glass graduated in 100ths of an inch, the whole glass to receive half an inch of water per max. measure.

The measurement determines the amount of rain in inches which has fallen over an area of one acre.

In passing, it is interesting to note that 1 inch of rain equals 113 tons.

In August, 1926, we had at Rimouski 5.20 inches. This, then, if weighed, would amount to 577.6 tons.

Necessary to Protection

Sir Frederick Stupart firmly believes that fire hazard forecasts are essential to forest protection organization. He has expressed his willingness to co-operate in every way possible.

To date we have really done very little in this work, but what we have done has convinced us of the very real value of reliable information with regard to approaching fire weather.

The Quebec Forest Industries Association is strongly in favor of further development in fire hazard forecasting, and they are greatly encouraging the various forest protective organizations to enlarge on the experiments which have been carried on to date.

Extensive Developments

The government forest service, through Henri Kieffer, has shown great interest in the work, and I understand that the service contemplates extensive development along these lines next year.

As I have said, we know very little about the subject. but we all believe that great steps will be made in the next few years in harnessing advanced weather knowledge to the practical work of forest protection. And I trust that before long the whole policy of slash burning will be controlled by these forecasts. When this is done I firmly believe that we shall be well on the way to controlling to a very considerable degree the existing fire hazard.

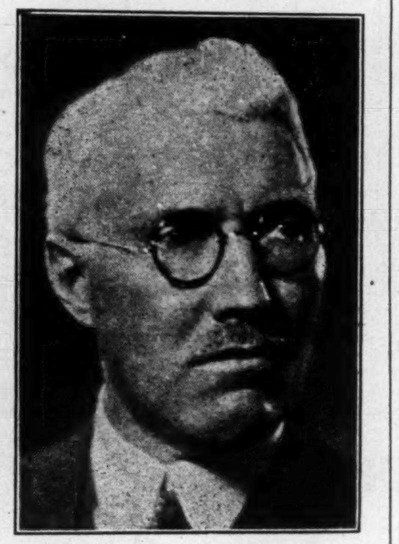
In other words this line of work is still very young. and its growth and efficiency will depend entirely on the way in which we put it into practice.

But we have all got to remember that little or no progress will be made in this field unless the practical results obtained during the summer are completely supplemented by careful and thorough research during the winter months.

Forest protection men have known of the relation between the weather and fire hazard for some time. The public in general has not.

Perhaps the greatest value to us from fire weather forecasts will follow through the publication of the forecasts through the press, by radio, etc. Impressing the public more and more with the necessity for caution against fires during periods of fire hazard, showing them that the hazard is not only subject to seasonal changes but to extreme changes during short periods during which caution is absolutely essential.

NEWSPRINT SECRETARY



ROYAL S. KELLOGG,
Secretary, Newsprint Service Bureau, of New York, which includes all Canadian newsprint mills and held annual meeting in Montreal.

STABLE EARNINGS BY LAURENTIDE POWER IN YEAR

Working Capital Position Improved Materially Since a Year Ago

From Our Own Correspondent.

MONTREAL.—The annual report of the Laurentide Power Company for the fiscal year ending December 31 shows but little change in the earning power of the company during the year. While the profit and loss account shows a small deficit after payment of dividends, the deductions from the account include a charge of $100,000 for depreciation and $90,000 for bond sinking fund, so that while there is a deficit of $11,000 on the year's operations, yet the company ploughed back almost $200,000 into the property. The action of the sinking fund naturally improves the position of the common shares.

The profit and loss account figures, and the working capital figures over the past three years compare as follows:

	1926	1925	1924
Pow. sales	$1,476,766	$1,496,521	$1,478,087
Misc. inc.	6,980	3,890	2,775
Total rev.	1,483,747	1,500,411	1,480,862
†Oper. exp. ...	262,835	248,249	242,585
Net earn.	1,220,912	1,252,162	1,238,277
Bond int.	466,735	475,782	479,374
Net profit	754,177	776,380	758,903
Tax prov.	50,000	65,000	65,000
Balance	704,177	711,380	693,903
Bond S.F.	90,250	90,250	89,340
Balance	613,927	621,130	604,563
Deprec.	100,000	100,000	......
Balance	513,927	521,130	604,563
Dividends ...	525,000	525,000	525,000
Surplus	*11,073	*3,870	79,563
Prev. surp. ...	26,167	30,037	10,474
Balance	15,094	26,167	90,037
Deduct	......	......	60,000
P. & L. bal...	15,094	26,167	30,037

†—Including maintenance, operation, rentals, taxes and general expense.

*—Deficit.

From the working capital figures it will be seen that the cash position of the company underwent a marked improvement. Among the assets. the most outstanding changes during the year were an increase of $66,168 in cash on hand, and an increase of $122,407 in the sinking fund investment account.

Among the liabilities, the changes were of a minor character with the outstanding exception of the reserves, which were increased by $222,407.

OUTSTANDING AUTHORITY

JOHN STADLER,
General Manager of Lake St. John Pulp and Paper Company, who attended pulp and paper convention.

Pulp Industry in N.S. Increasing in Importance

From Our Own Correspondent.

MONTREAL.—The importance of the pulp industry to the province of Nova Scotia has been steadily increasing. For 1925 the pulpwood cut is estimated at 100,000 cords.

The mills operating during the year were the Clyde and Sissiboo Pulp Company, with one mill at Port Clyde with capacity of 27,000 pounds of ground wood pulp in twenty-four hours, and another mill at Weymouth with a capacity of 80,000 pounds, the Gaspereau River Light, Heat and Power Company, with 24,000 pounds per twenty-four hour capacity mill at White Rock, King's County; the Nova Scotia Wood Pulp and Paper Company, with a mill at Charleston, Queen's County, having a capacity of 30,000 pounds per twenty-four hours (the latter holdings were taken over last year by the Scotia Tissue Paper Company, and it is expected that the present year the operations will be considerably enlarged); the MacLeod Pulp and Paper Company, at Milton, Queens County, with two mills on the Medway, having a combined capacity production of 100,000 pounds per twenty-four hours; the A. P. W. Pulp and Power Company at Sheet Harbor, with a capacity of 160,000 pounds; the LaHave Pulp Company, at New Germany, Lunenburg County, with a capacity of 32,000 pounds, and the Oxford Paper Company, operating the "Big Lease" at Murray, Cape Breton, which is the largest pulp wood operation in Nova Scotia.

During the year the Nova Scotia Timberland Company, acquired the Stehlin property on the Tusket, which is considered the most valuable timberland in the province of its size. Some years ago the Davison lumber properties in Annapolis and Lunenburg Counties were taken over by Hollingsworth and Whitney, and large operations are looked for during the present year.

KENORA EXPANDS

MONTREAL. — The Kenora Paper Mills is to increase its output of newsprint from 225 to 250 tons daily. The company is installing a new boiler, which will allow the increased production.

Clothes and Paper

John Hetherington Smith's Tuxedo is the best suit of clothes he owns—but he doesn't wear it to church. Nor did he wear his furnace clothes to the New Year's party. There's a time and place for everything.

—even PAPER.

No Bond Paper is too good for your letterheads—Superfine Linen Record, for instance. It adds a background of prestige and sound judgment to your typewritten message. But for inter-office memo and departmental purposes, a lower quality paper is plenty good enough.

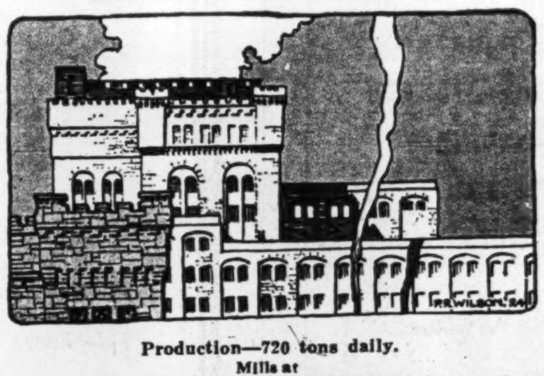
Rolland Papers fill the various needs of any office. Each sheet is made to suit a purpose—to suit it to the letter. Nearly half a century's experience making high grade papers is behind it. And the "R Shield" Watermark is our guarantee of paper perfection. Look for it on any of the following well-known papers:

Superfine Linen Record
Earnscliffe Linen Bond
Empire Linen Bond
Colonial Bond
Service Bond
Mount Royal Bond
Rockland Bond

THE ROLLAND PAPER COMPANY LIMITED
High Grade Paper Makers since 1882
MONTREAL
Mills at St. Jerome and Mont Rolland, P.Q.

Canadian Paperboard Company Limited
Largest Manufacturers of Paperboard in Canada
Mills at Montreal, P.Q., Campbellford, Ont., Frankford, Ont.
HEAD OFFICE: 2 Seigneurs Street MONTREAL

The Spanish River Pulp and Paper Mills Ltd.
SAULT STE. MARIE, CANADA
Manufacturers of News Print Paper



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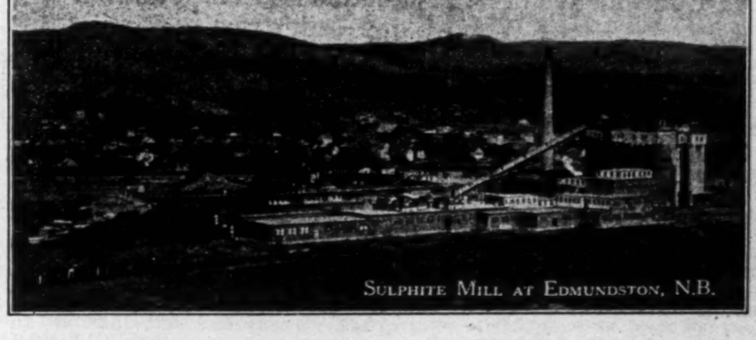

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Head Office: Montreal Mills: Iroquois Falls, Ont.

Annual Capacity: 150,000 Tons of Groundwood Pulp. Mills at Chicoutimi and Val Jalbert, P.Q.

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Executive Office: CHICOUTIMI, P.Q.

Cable Address: "SAGUENAY, CHICOUTIMI"

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are Canada's best

Young Men Should Take Interest in Forest Problem

Their Education of Public Opinion Can Bring About Continuous Forest Production and Perpetuation of Wood-Using Industries

Address before Young Men's Canadian Club of Montreal.
By CLIFTON D. HOWE, Dean of Faculty of Forestry, University of Toronto.

Canada is rich and prosperous to-day very largely through exploitation of the free gifts of nature. Canada will be rich and prosperous to-morrow only if she places her restorable natural resources on a self-sustaining basis, and she will do this only through the conscious planning and the sustained effort of her young men.

It is self-evident that the treatment of our natural resources in such a manner that their re-creative power is not destroyed, so that they will yield periodic crops for all time, leads to a permanent population continuously employed. It is just as self-evident on the other hand that the exploiting of the free gifts of nature in such a manner that their productive capacity is destroyed or greatly reduced brings about in any community only relatively temporary employment, a shifting population, and leaves behind it extensive areas of waste land, or at least land of very low productivity. And this waste land remains idle for a generation perhaps for a hundred years, as a charge upon the community. In a highly industrialized country no community can remain prosperous if it has to carry extensive areas of idle lands or lands of low productive capacity.

Only Mines Not Restorable

Thus far I have used the term natural resources in a general sense, meaning the soil, agricultural and forestal; water powers, mines, fish and games. With the exception of the mines, they are all restorable through the intelligent direction of man, that is they can be made continuously productive. As to their actual treatment I shall use the forest as an illustration.

When you were in school you were probably taught that our forests were almost illimitable and certainly inexhaustible. Such statements were largely based on ignorance of facts. Forests have never been inexhaustible, but they are always potentially inexhaustible, that is, if they receive the proper kind of treatment. We know a great many things about our forest resources that we did not know from twenty to thirty years ago. For one thing, forest surveys, mapping, and stock-taking inventories have developed enormously in the past twenty years. Practically every province since that time has carried on stock-taking surveys of its forest lands. Private companies now investigate their producing areas much more accurately and in more detail than they did twenty years or even ten years ago. The increasing value of standing timber demands this.

Have Burned 60 Per Cent. Forest Area

As a result of all this activity on the part of governments and private companies, we are now in a position to make fairly accurate estimates of our forest resources. Since settlement began we have destroyed about 13 per cent. of our forest area for agricultural use, a perfectly justifiable procedure. In the same time, however, we have burned about 60 per cent. of our forest area, a perfectly unjustifiable procedure. We have done more than this. What I intended to say was that 60 per cent. of our forest area does not at the present time support commercial stands of timber because of the prevalence of forest fires. This leaves only 27 per cent. of our forest area as merchantable at the present time. I can make the statement even stronger by saying that three-quarters of the amount of saw log timber in Canada to-day is located west of the Rocky Mountains. That does not include stands of pulpwood.

Fires Destroy Forests

Every forest is potentially inexhaustible. The quickest and most effective way to destroy that potentiality is to subject it to successive forest fires. Note that I say successive forest fires. There is a good deal of misapprehension abroad about the effect of forest fires. A single fire in a forest may do, and often does more good than harm. We get our best young growth white pine stands on areas that have been once and only once burned. Pulpwood operators are beginning to find that they can get the best regeneration of spruce on areas where the logging slash has been burned once and only once. Areas on which the slash is unburned regenerate abundantly to the relatively inferior balsam fir. Remember that I am talking now about regulated fires, not indiscriminate burning, but fires that are controlled by foresters or by others who know how to handle fire in the woods. In fact, we may find that controlled fire is one of the best tools with which to get the natural regeneration of our commercial species in the forest after logging operations, in other words by an intelligent and discriminate burning of the slash. Other advantages would be derived from the careful burning of the logging debris, notably the sanitation of the forest through destroying the breeding ground of destructive insect pests and fungous diseases which take a fearful toll in our forests every year.

"Good Servant But Bad Master"

You know the old adage: fire is a good servant but a bad master. This is nowhere more applicable than in the forest. Statistics show that repeated fire has been the master in the forest—and it still is. Nature is very resilient; she tries to heal the scars, but in the end she is beaten by the repeated fire. Each successive fire kills seed trees until none are left. Each successive fire kills the succeeding crops of young trees until none are left. The result is a barren and a desolate waste so far as the valuable commercial species are concerned. Most of the burned areas have been burned more than once and some of them many times. A race would not endure very long if the children were periodically destroyed, and the same is true with pine and spruce trees. It is safe to say that about 20 per cent. of the extensive burned areas have been burned so many times that if pine and spruce trees come back to them in commercial quantities within the next generation, they will have to be placed there by the hand of man, that is, planted. And this process of killing the young growth of the commercial species is going on every year. Taking a five year average, we would find the rate to be about one million acres per year—a million acres of young forests destroyed by fire each year, young forests on which we should depend for future supplies.

The effect of repeated fires on an area is to reduce its value actual and potential in terms of the commercially valuable species. If the process is repeated, a certain number of times the area becomes merely brush land.

Cutting Smaller Sizes Now

The process of deterioration of our forest capital in terms of the most valuable species is taking place as well on the cutover lands which have not been burned. As you know, the more accessible forest areas in Eastern Canada have been cut over not once, but several times in the past fifty years. Each time the operator cuts material that would not have paid him to take out in the previous cutting. The increasing value of timber made this possible. In the early cutting of white pine, for example, only trees that would make logs 22 inches and above in squared breadth were taken. To-day in those provinces where there is no statutory diameter limit white pine trees down to 8 inches in diameter on the stump are cut with profit.

When the pulp and paper industry began about 30 years ago only those spruce trees making a 16 foot log at least 7 inches in diameter at the small end were cut. The minimum diameter of the top log was later reduced to 6 inches, then to 4 inches. At present there are pulp and paper operators in Eastern Canada cutting spruce trees that will make a log 3 inches in diameter at the small end.

Is Interest of Public

This is all right from a business standpoint. Trees are made to be cut and should be cut at the age and size that is the most profitable for the owner, but what about the future; is the owner interested in that? The private individual in most cases is not, and he has perfectly sound economic ground on which to justify his position. But when the owner is the government, in other words the people, as in Canada, he does have an interest in the future. I confess, however, that he frequently fails to manifest that interest and thus loses advantages he might otherwise have gained. Now in case of the white pine there will be no future on the cutover unburned lands for there is no regeneration, because there were no cutting regulations designed for the purpose of securing a second crop. I do not mean by this that we will have no white pine in the future. In the aggregate there are large quantities of young white pine on the old burns, but, as I have shown, these are being eaten into every year by forest fires, and at their best their areas are small compared with the original areas of white pine. From a comparative standpoint our treatment of white pine has been such as to gradually crowd it out of the forest. We are suffering to-day because of lack of effort to maintain our natural white pine areas in white pine forests.

The sawmilling business in Eastern Canada is in a very bad way, largely through the competition of the Pacific coast lumber. It is quite evident that such competition could not have been so severe had the extensive white pine forests within 50 to 100 miles from Montreal and other markets been cut on the basis of forest cropping, so that their capital stock had remained intact, as might have been done, and had they been adequately protected from fire.

Treat Spruce as White Pine

Now we are treating our great spruce pulpwood resources in much the same way that we have treated our white pine. Up to a few years ago the greater portion of the spruce for pulpwood came from what we call the mixed forest type, mixed hardwoods and softwoods. The natural regeneration beneath these stands is not spruce but balsam fir. In certain situations, such as moist flats, there is adequate regeneration of spruce, but these areas are local and restricted. Over the greater portion of these mixed hardwood-softwood cut-over forests, over ninety per cent. of the young softwood growth is balsam fir. Now you can make good newsprint from balsam fir; a number of companies are doing it companies that would not cut a stick of balsam fir ten years ago. The trouble with balsam fir as a future supply of pulpwood is that it is short lived, being very much subject to diseases of various kinds, especially heart rots. While there are exceptions in certain localities, over the greater portion of the regions in which it occurs, only the smaller trees are sound. After the trees get to be from four to six inches in diameter they begin to decay very rapidly. It may be that in the future we will be largely dependent upon these small trees for pulpwood, but if the operator has to cut ten to twenty trees to get the same volume of wood that he formerly got from one tree, the price of newsprint will be very high.

At the headwaters of the river valleys flowing into the St. Lawrence from the north and in the lower reaches of these valleys down near the sea we find adequate spruce regeneration on areas that have been burned once and only once, but these areas in proportion to the whole pulpwood producing region in Eastern Canada are relatively small. Note that I say that in these upper river valleys there is good regeneration of spruce on areas that have been burned only once. In fact, experiments have demonstrated that the controlled burning of the debris left after logging leads to young growth of spruce and that if the slash is not burned the softwood regeneration is abundantly balsam fir.

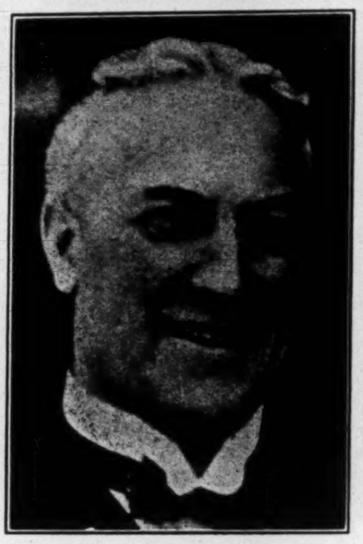
I have tried to show you what I sincerely believe; that our past and present logging methods have been and are such as to gradually crowd our two most valuable species, white pine and spruce, out of the forest as profitable commercial propositions. There is no wood so easily worked and so applicable to so many purposes as white pine. There is no wood fibre better adapted for the making of pulp and paper than spruce. The supplies of virgin white pine are so near the end that we cannot materially change the situation by regulated cutting in the forest. Unless the forest fire menace to young growth natural stands of white pine is very thoroughly checked in the near future we will be compelled to depend upon artificial planting for future supplies of pine.

There remain, however, considerable areas of virgin spruce for pulpwood purposes. They will be cut as they should be. These spruce lands can be handled in such a manner through regulated cutting methods as to insure continuous supplies of spruce for future needs.

Our treatment of the forests has resulted in a constant lowering of their productivity in quantity and quality wood. My appeal is for the use of human intelligence to overcome these processes, to maintain and increase the productivity of our forest lands in terms of the wood materials which best meet the purposes of our markets. It has been demonstrated over and over again that care, protection and the directing of nature in her

(Continued on page 23)

PAPER LEADER



P. B. WILSON,
Vice-president of Spanish River Pulp and Paper mills; a leading figure at Montreal convention of Canadian Pulp and Paper Association.

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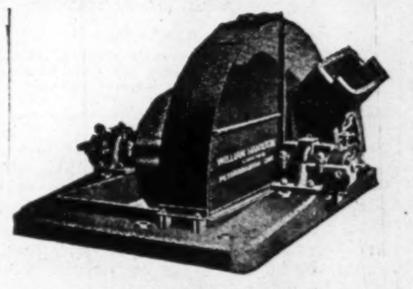

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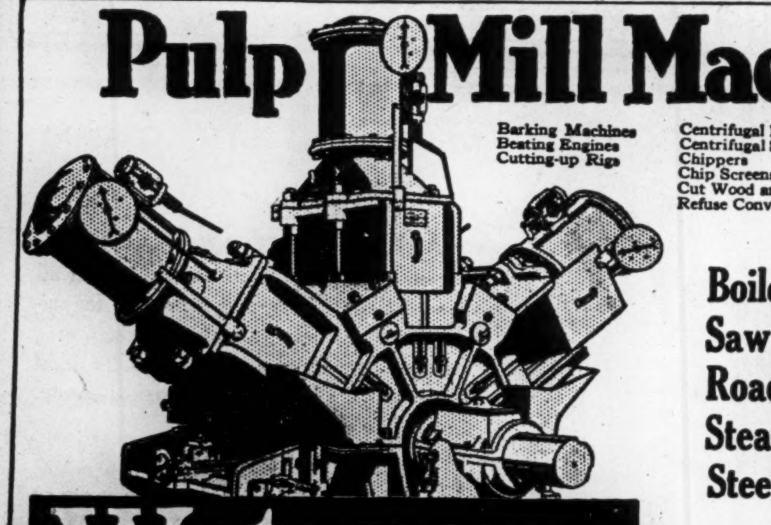

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13

Selections from our February Bond List

The strengthening in the bond market that became noticeable in December has continued with even greater force throughout January. This strengthening has not been confined to Canada, but has prevailed in the principal money markets of the world.

It is interesting to notice, however, that notwithstanding the world-wide decline in money rates, interest returns from Canadian Government, Municipal and Corporation bonds are still substantially higher than those which prevailed prior to 1914.

Our February List offers a wide selection of such bonds, including the following:

Government and Municipal

Security.	Rate %	Maturity	Price	Yield %
Dominion of Canada Bonds	All	Maturities	Market	—
Province of Manitoba	4½	1956	96.00	4.75
Province of British Columbia	4½	1950	95.80	4.80
Province of Alberta	4½	1956	95.25	4.80
City of Toronto	4½	1943	97.22	4.75
City of Toronto	4½	1947	96.80	4.75
City of Montreal	4½	1966	96.41	4.70
City of Montreal	4½	1947	97.43	4.70
City of Winnipeg	4½	1940	97.53	4.75
City of Kingston	5	1936	101.00	4.86
City of Oshawa	5	1939	100.50	4.95
Township of York	5	1936	100.39	4.95
Township of York	5	1942	101.10	4.90
Township of York	5	1946	101.27	4.90
District of Point Grey	5	1936	100.00	5.00
City of Edmonton	5	1934	98.47	5.25

Corporation

Security.	Rate %	Maturity	Price	Yield %
Montreal Light, Heat & Power Consolidated	5	1951	101.00	4.93
Montreal Tramways Company	5	1941	101.00	4.90
Montreal Tramways Company	5	1955	97.00	5.20
Gatineau Power Company	5	1956	98.00	5.13
Duke-Price Power Company, Ltd.	6	1966	106.25	5.60
Belgo Canadian Paper Co., Ltd.	6	1943	104.00	5.62
St. Maurice Valley Corporation	6	1945	101.50	5.88
Gatineau Power Company	6	1941	101.00	5.90
Canada Steamship Lines, Ltd.	6	1941	100.00	6.00
Fort William Paper Co. Limited	6	1946	100.00	6.00
The Anticosti Corporation	6½	1941	104.00	6.08
Port Alfred Pulp & Paper Corp.	6½	1943	103.50	6.15
Ste. Anne Paper Company, Ltd.	6½	1946	101.00	6.40

Copy of this List will be gladly forwarded upon request.

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FORESTRY ASSN. PRECEDES PULP AND PAPER MEET

Annual Convention Held Preceding Pulp and Paper Annual Meeting

From Our Own Correspondent.

MONTREAL.—The annual convention of the Canadian Forestry Association was held on the day preceding the annual meeting of the Canadian Pulp and Paper Association. The work of the Forestry Association consists in keeping before the public the important national part played by the forests and in striving to increase their life both by the promulgation of information regarding proper cutting methods and by undertaking a large amount of fire prevention work.

At the convention, Clifton D. Howe and Angus Graham spoke on the need of forest reserves to maintain the forest industries. C. R. Mills, Col. H. I. Stevenson and C. R. Morse, discussed the use of aeroplanes in forest protection. The value of fire-weather forecasting was dealt with by G. M. Dallyn and J. Gordon Ross, whilst R. H. Nisbet and L. S. Webb started the discussion on the use of permits to control woods travelers.

Robson Black Speaks

Robson Black, manager of the Canadian Forestry Association, outlined the methods which are used; this was followed by a symposium, arranged for the reception of suggestions at which the viewpoint was advanced that re-forestation should be given a greater amount of attention, with perhaps less of the fire prevention theme, this latter now having been planted fairly generally throughout the populace.

Importance was also attached to the work being done in the schools. Ten thousand schools are now being approached by the association, it was pointed out, the belief being expressed that the next generation will be one well trained to the preservation of forest wealth.

J. H. Price, president of Price Brothers & Co., Limited, Quebec, was unanimously elected president of the association for the year 1927. He succeeds Arthur H. Campbell, of Montreal, president in 1926.

The New Directors

New directors elected are: Hon. E. N. Rhodes, premier of Nova Scotia; Henry Kieffer, chief of forest branch, Quebec; A. E. Corrigan, Ottawa; Jas. Richardson, Winnipeg, and W. W. Powell, Vancouver.

At the convention luncheon, Col. J. S. Dennis, chief commissioner, colonization and development, Canadian Pacific Railway, was the chief speaker. Col. Dennis, a past president of the Canadian Forestry Association, advocated the extension of tree growth in the western provinces.

As one who has witnessed the developments of the West from meagre beginnings, Col. Dennis remarked: "At times we are disappointed that the development of the West has not been more rapid; but what we have out there is, after all, a miracle. I can remember when I first landed in Winnipeg fifty-three years ago, when there were 1,100 people there, and nothing west.

"The next step to take is to improve conditions from the standard of comfort and beauty; and, in doing that, I feel there is no more important, no more valuable work, that the Canadian Forestry Association can do in the Prairie Provinces than the carrying on and extending of the campaign, so vigorously handled during the past three or four years, and the extension of tree growth."

AT PAPER MEETING

F. W. CLARKE,
General manager of Anglo-Canadian Pulp and Paper Mills, a British Company in Canada. Photo Courtesy Pulp and Paper Magazine of Canada.

Abitibi's Subsidiary Will be Abitibi Fibre Company

From Our Own Correspondent.

MONTREAL.—After the Abitibi Power and Paper Company formally acquires the Mattagami plant, the name of the property, which is to be a wholly-owned subsidiary of Abitibi, will be changed to the Abitibi Fibre Company. The date set for the final payment for the property is February 11. Abitibi is to finance the deal by an issue of securities which will be publicly offered by the Royal Securities Corporation in Canada, and by Peabody-Houghtelling in the United States.

At present the shares of Abitibi are changing hands at around 84, a price which gives a yield to the investor of 6 per cent. This compares with a yield of just under 6 per cent. from Wayagamack, and a yield of about 7 per cent. in Spanish River common. Price Brothers' shares at present prices yield about 3.5 per cent.

Report of Committee on Abstracts and Publications

The report of the Committee on Abstracts and Publications of the Canadian Pulp and Paper Association follows in part:

"Your committee is considering the feasibility of a ten-year volume of abstracts, and wishes to present the matter for discussion. Since 1916, the Pulp and Paper Magazine has published about 764 pages of Abstracts under the title, "Review of Recent Literature;" there were about 8,400 titles. If reprinted in full, we should have about 764 pages 9 in x 12 in. (magazine size) or 2,200 pages, 6 in. x 9 in. (textbook size). If 6 line titles only were printed, we should have about 80 pages 9 in. x 12 in., or 240 pages 6 in x 9 in.

The cost of such a volume could be reduced by using multigraphed sheets, such as the Gestettner system:

It was reported last year that Dr. C. J. West, chairman of the T. A. P. P. I. Committee on Abstracts, had prepared a 25-year bibliography, but we are not aware that plans have been made for its publication. The titles and references given were estimated to make about 400 pages.

It has been felt that the committee should arrange for a more prompt publication of the Report of the Annual Meeting, and steps are being taken at this meeting to that end. The co-operation of all the members, and particularly of those who take part in the discussion, by promptly correcting and returning the stenographer's report of their remarks, will greatly facilitate the work of the committee, such co-operation will be much appreciated.

The committee has been pleased to note a much greater promptness on the part of the authors in getting their papers into the hands of the committee, so that it has been possible to distribute reprints for the members to consider and prepare, prior to the meetings, contributions to the discussion.

It has been suggested that directions for the preparation of manuscript and illustrations would be helpful, and the committee has, therefore, drawn up the following suggestions:

1. Manuscript should be typewritten, or written legibly in ink, on one side of bond paper of standard letter size. Typewriting should be double-spaced, and hand-written copy should not be crowded; space is frequently required by the editor in preparing material for printing.

2. Titles should be concise, and the name, position, and address of the author should appear immediately under the title.

3. Sub-titles may be inserted by the author where desired, especially in a long article.

4. Illustrations may be made any size, but should be either clear photographs or drawings or charts in black ink. The standard widths of cuts in the publications of the Technical Section are 3½ in and 7 in. The height of the cuts is, of course, determined by the ratio of the height to the width of the original. The maximum dimensions of cuts should not exceed 5 in high by 7 in. wide, except for the occasional illustration, where excessive detail requires a cut 7 in. wide by 10 in. high. The final size of letters, assuming a cut 3½ in. wide, can be estimated at not less than 1-10 in. high. Lines, letters, and figures, should be of such size in the original drawing as to permit reduction and still be legible, i.e., not less than 1-10 in. high in the cut. It is better to indicate curves and parts of diagrams or machines by reference letters or figures and explain these by footnotes, than to put in words on the photograph or drawing. The footnote will be set in type of suitable size. This also saves the draftsman considerable work.

5. Extensive tables may sometimes be advantageously reproduced as a cut; and for this purpose, the original may be made with a black ribbon or clean carbon.

6. Illustrations should not be pasted to the paper on which the manuscript is written.

7. Each illustration should be given a distinct figure number, and the title of each illustration should be given with the corresponding figure number at the end of the manuscript. The name of the author and the title of the paper should also appear on the back of each illustration.

8. The point at which the illustration is to be introduced in the article should be clearly indicated in the manuscript.

9. If either the manuscript or the illustrations are to be returned to the author a written request to that effect should accompany the article.

10. Emphasis should not be sought by writing words in all capital letters or by underscoring them: the editors will attend to the typographical effects.

11. The source of tables included in paper should be indicated in each case This is not necessarily for publication but for the information of the editors.

12. If any part of the manuscript (reading matter, table or illustration be taken from a copyrighted publication (all British, French, and German books are automatically copyrighted by publication) the publication from which it or they are taken should be indicated by a note with the name and address of the publishers.

Any suggestion that will help the committee to improve the service of the Technical Section in its field of work will be appreciated.

Bathurst Company Plans Are Still Incomplete

From Our Own Correspondent.

MONTREAL.—While the Bathurst Company is working out plans for a $14,000,000 power and paper development, yet all the negotiations and arrangements necessary to the initiation of such a project have not yet been completed.

The present newsprint capacity of the Bathurst mill, at Bathurst, N. B., is 70 tons daily, with an ultimate capacity of 140 tons daily. The new hydro-electric development will provide some 50,000 horsepower which will operate the company's new mill. It is expected that the new newsprint mill will be operating within two or three years, with a production of 200 tons daily and an ultimate production of 450 tons daily. The work will employ about 1,000 men during the period of construction. But until the management receives further engineering reports, no definite decision regarding the projected development will be made.

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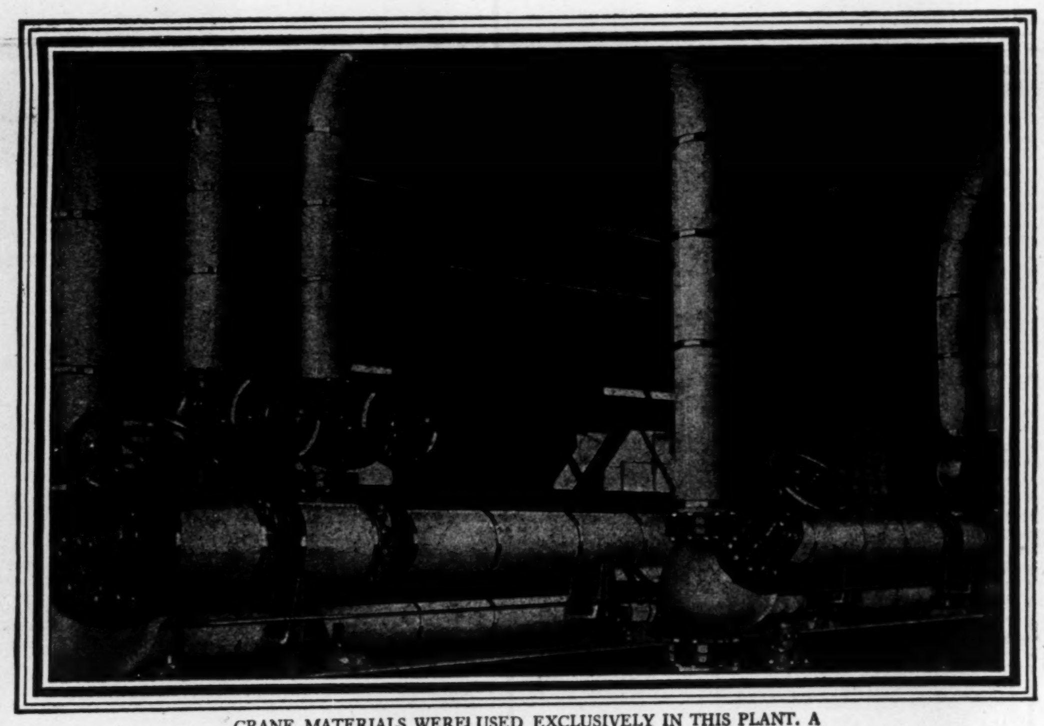

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The load on grinders is subject to wide variations due to refilling the pockets, but this variation is easily overcome, and a constant load maintained, by using Westinghouse regulators which govern the water pressure in the grinder cylinders.

A visit to a Westinghouse motor-driven mill will convince you of the advantages of Westinghouse electric drive. If you are not near a Westinghouse installation, complete information will be mailed upon request.

Canadian Westinghouse Company, Limited
General Offices - Hamilton, Ontario
Sales Offices and Repair Shops in all Principal Cities

—Westinghouse—

Public Utilities

DULUTH TRACTION PROFIT DOWN BUT PROSPECT BETTER

Higher Rate of Fare Effective Only in Last Weeks of Year

EXPECT TO WIN SUITS

Cases Are Pending Both in State and Federal Courts; City of Duluth Plaintiff

Duluth-Superior Traction Co. in 1926 had net earnings slightly under the net earnings for 1925, it is shown by the annual report just issued. But it is expected that 1927 will show a marked improvement over any recent year. A higher rate of fare (eight cents or five for 25 cents) finally came into effect October 15th last and the weeks intervening have been much more gratifying from an income viewpoint. The November earnings were 6.13 per cent. in advance of November, 1925.

In the fourth quarter of 1926, although the higher fare was effective in only part of the period, gross revenues were 4.43 per cent. higher than in the corresponding period of 1925. Owing to early snowfall and other causes operating expenses were 5.32 per cent. higher, but net revenue advanced 1.51 per cent. Because fixed charges and taxes were lower by 13.13 per cent. the net income for the quarter was 51.68 per cent. higher.

Gross Revenues Up

Gross revenues for the year show an increase of $14,448, or .73 per cent. higher than in 1925. Operating expenses, including taxes, increased $38,799, or 2.26 per cent. when compared with the year 1925.

Minnesota's railroad and warehouse commission has fixed a valuation of $5,291,710, on the street-railway property in Duluth and the fare increased from six cents is designed to give a return of 7½ per cent. on this valuation, in accordance with the law of the state. The city of Duluth has given notice of appeal from the order of the commission concerning fares. This action will be argued in the state courts. In the federal courts, the constitutionality of the state law under which the company operates is being attacked by the city. It is expected that this question will be argued before the United States supreme court early this year. President A. M. Robertson informed the shareholders that the company is advised it takes little risk in either of these cases.

Adds Some Track

The matter of charging off depreciation is concerning the company in view of the fact that it operates in two states, with two sets of rules obtaining. The management hopes soon to effect an agreement whereby depreciation charges in both states will be uniform and on a percentage basis.

The company added 2.63 miles of street-railway track, the Crosley Park line, in 1926, in Duluth. No new mortgage bonds were sold during the year and $28,000 par value of general mortgage bonds were retired in accordance with the sinking-fund provision. Road and equipment expenditures during the year totaled $116,801 of which $59,765 was for track and paving and $30,454 for street cars and buses.

Cost of Power Down

Total operating revenue was $1,951,142, an increase from $1,943,493. Operating expenses increased from $1,578 012 to $1,622,131. Items making this increase included additional cost on account of ways and structure, equipment, conducting transportation and miscellaneous charges. There was a slight reduction in the cost of power.

The total resources of the Duluth-Superior Traction Co. are given as $11,612,246. Road and equipment are valued at $10,554,899 and other investments $492,394. The general mortgage trust funds total $273,493 and current assets total $260,688.

Funded debt comprises $2,500,000 of first mortgage 5 per cent. gold bonds due in 1930 and $884,000 in general mortgage 5 per cent. bonds due the same time. The issued capital stock is carried on the books at $5,413,700. Current liabilities total $245,183 and the reserve accounts include an item of $1,819,871 for depreciation. The corporate surplus is given as $642,540. This last item is reduced from $665,811 in 1925.

Comparative Statement of Railway Operating Revenues

1917	$1,621,952	1922	$1,784,774
1918	1,665,909	1923	1,904,606
1919	1,937,142	1924	1,789,402
1920	1,919,579	1925	1,873,013
1921	1,777,330	1926	1,849,463

Above comparative statement has been made to conform with the Interstate Commerce Commission's Classification of Accounts, Non-Operating Income not included.

Profit and Loss

	1926	1925	1924
	$	$	$
Net income	60,797	83,861	42,004
Misc. credits	3,065	15,250	6,126
	63,862	99,111	48,130
Pref. dividends	84,987	89,038	45,000
Sundry Items	2,146	2,095	......
	87,133	91,133	45,000
Surplus	23,271	7,978	3,130
Prev. surplus	665,811	657,833	654,703
	642,540	665,811	657,833
Add. to property	193,739	215,454	198,958
Funded debt retired	332,501	307,194	282,866
S. F. reserve	15,725	16,625	15,964
	541,965	539,273	497,788
Unappropriated	100,575	126,538	160,045

xDeficit.

Market Record

	High	Low
1923	44	28½
1924	35	16
1925	42	28½
1926	33¼	25
1927x	27½	27

x—To Jan. 31.

Montreal Power and Shawinigan Stocks Compete

From Our Own Correspondent.

MONTREAL.—Trading has commenced in the new common shares of no par value of the Shawinigan Water and Power Company. The new stock made its bow to investors at a price of 68¼ and sold up to 69½, thus bringing the price of the old stock up to a new high of 277.

With the split up in the shares of Shawinigan, the stock of the company and that of Montreal "Power" should sell at around the same level for some time. There are many who feel that with the increasing earning power of Shawinigan's subsidiaries, such as Quebec Power, Quebec Railway, Light, Heat and Power, and St. Maurice Power, the stock will probably tend to appreciate somewhat faster than Montreal "Power." But Montreal "Power" shares also have their keen followers who say that not only will the great civic utility make progress in keeping with the province as a whole, but that Montreal will keep pace with the growth of the whole Dominion. Hence some anticipate that the demand for power in the territory served by Montreal "Power" will increase perhaps faster than the demand for power throughout the province as a whole.

Thus there are two schools of thought backing the two predominant power securities in Canada. In any event the race between the securities of the two sister companies will prove of great interest. The dividend on both securities is the same.

THUNDER BAY EXPANDS

MONTREAL.—The ratepayers of Port Arthur, Ontario, by an almost unanimous vote, confirmed an agreement with the Thunder Bay Paper Company ratifying the sale of 100 acres to the company for the erection of a newsprint mill. The company will spend several millions on its development, which will have the capacity of 400 tons of newsprint per day.

Public Utility Earnings

CAPE BRETON ELECTRIC

November—	1926	1925
Gross earnings	$55,423	$53,109
Oper. exp. and taxes	40,758	39,625
Net Earnings	$14,665	$13,483
Int. Charges	5,634	5,633
Balance	$9,030	$7,849

JAMAICA PUBLIC SERVICE

November—	1926	1925
Gross Earn.	$56,871	$53,966
Net Earn.	24,434	23,722
Surplus After Chgs.	18,267	17,413
	1926	1925
12 Mos. End. Nov. 30—		
Gross Earn.	$650,149	$619,080
Net Earn.	254,967	227,836
Surplus After Chgs.	180,197	148,243

EAST KOOTENAY POWER

December—	1926	1925	Incr.
Gross Earnings	$38,554	$33,467	$ 5,086
Oper. exp.	9,983	7,709	2,273
Net Earnings	$28,571	$25,757	$ 2,813
	1926	1925	Incr.
9 mos. end. Dec.—			
Gross Earnings	$314,194	$288,770	$25,423
Oper. exp.	79,916	70,661	9,254
Net Earnings	$234,277	$218,108	$16,168

BARCELONA TRACTION

	1926	1925	Incr.
December—	Pesetas	Pesetas	Pesetas
Gross Earn.	8,610,990	8,085,874	525,116
Oper. exp.	2,704,878	2,749,420	x44,542
Net Earnings	5,906,112	5,336,454	569,658
Aggr. Gross from Jan. 1st	90,564,467	86,915,704	3,648,763
Aggr. Net from Jan. 1st	58,968,514	56,939,991	2,028,523

xDecrease.

DULUTH SUPERIOR
Fourth Quarter

	1926	1925	P.C. Inc. or Dec.
Gross rev.	$517,836	$495,861	+4.43
Oper. exp.	400,213	379,989	+5.32
Net rev.	117,623	115,871	+1.51
Fixed chgs. and taxes	77,913	89,692	—13.13
Net income	39,709	26,179	+51.68
Twelve Months			
Gross rev.	$1,888,332	$1,905,084	+ .88
Oper. exp.	1,518,874	1,506,069	+ .85
Net rev.	369,457	399,015	— 7.40
Fixed chgs. and taxes	302,281	309,643	— 2.38
Net inc.	67,176	89,371	—24.83

TWIN CITY

4th Quarter—	1926	1925	Per cent. Inc. or Dec.
Gross rev.	3,352,618	3,331,191	+00.64
Oper. exp.	2,331,263	2,391,979	—02.54
Net Rev.	1,021,354	939,212	+08.75
Fixed chgs. & taxes	485,087	616,395	—21.30
Net income	536,266	322,816	+66.12
12 months —	x1926	1925	Per cent. Inc. or Dec.
Gross rev.	14,001,764	12,562,983	+11.45
Oper. exp.	10,334,436	9,245,463	+11.78
Net rev.	3,667,328	3,317,519	+10.54
Fixed charges and taxes	2,230,523	2,280,092	—02.17
Net income	1,436,805	1,037,427	+38.50

xIncludes Twin City Motor Bus Co.

BRAZILIAN TRACTION

December	1926	1925	Incr.
Gross	$2,953,964	$3,111,251	$x 157,287
Oper. exp.	1,497,772	1,396,833	100,939
Net	1,456,192	1,714,418	x258,226
Aggr. gross from Jan. 1st	38,602,891	31,243,760	7,359,131
Agg. net from Jan. 1st	21,700,728	17,489,406	4,211,322

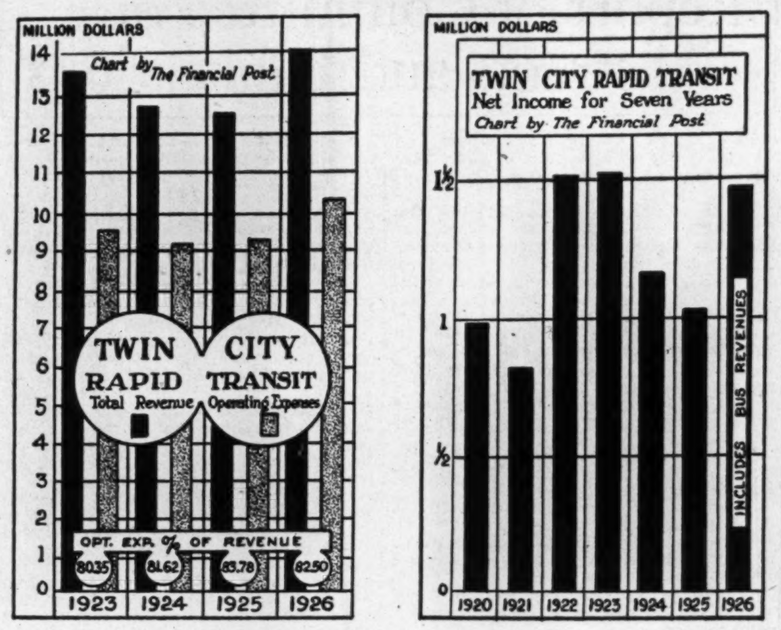
xDecrease.

The following table shows earnings for the month of December and for the previous twelve months, with comparisons:—

	Gross	Net	Net Incr.
1925—			
Dec.	$3,111,251	$1,714,418	$310,888
1926—			
Jan.	3,163,670	1,792,288	298,795
Feb.	2,893,557	1,678,787	394,445
Mar.	3,077,791	1,763,343	417,416
April	3,021,732	1,715,372	467,494
May	3,381,959	1,950,677	628,463
June	3,487,237	2,037,453	687,008
July	3,531,663	1,990,806	600,016
Aug.	3,476,995	1,962,354	376,524
Sept.	3,412,431	1,911,351	397,063
Oct.	3,200,476	1,182,954	97,211
Nov.	3,001,416	1,659,151	165,113
Dec.	2,953,964	1,456,192	x258,226

xDecrease.

Charts Show How Twin City Co. Improves



Consolidated Statistical Report

	1926	1925	1924	1923
Total Revenue	$14,001,764.92	$12,562,983.92	$12,805,631.88	$13,580,047.07
Total Operating Expenses	10,322,488.42	9,234,088.67	9,185,927.79	9,537,841.25
Net Revenue	3,679,276.50	3,328,895.25	3,619,703.59	4,042,205.82
Revenue Passengers Carried	190,826,784	200,783,106	209,202,818	221,542,298
Transfers Redeemed	69,248,145	72,814,559	74,698,853	80,477,866
Operating, per cent. of Revenue, Taxes included	82.50	83.78	81.62	80.35

TWIN CITY ADDS TO PROFIT OVER PREVIOUS YEAR

Gross Revenue Increases Although Paying Car Riders Are Fewer

BUSES PROVE ASSET

Company Hopes to be Relieved of Cost of Snow Removal, etc.; Boom is Predicted

Twin City Rapid Transit Co. earned $5.57 per share on its outstanding common stock in 1926, compared with $3 63 in 1925. The 1926 earnings on the preferred were $47.89 compared with $34.58 the previous year. Gross revenue increased from $12,562,983 in 1925 to $14,001,764, in 1926, although the total number of revenue passengers carried dropped from 200,783,106 to 190,826,784.

The increase in gross revenue is attributable to the earnings of subsidiary bus companies and taxicab companies, some of the latter of which were acquired and consolidated in the calendar year. The ratio of operating expenses, including taxes, to gross revenue, showed an improvement over 1925, as will be seen by one of the accompanying charts, although the 82.5 per cent. is 2.15 per cent. higher than in 1925, when the company carried nearly 30,000,000 more revenue passengers than in the twelve-month period just ended.

Northwest is Prosperous

On the whole, the position of the company, as revealed by the annual report, shows a betterment over any recent year and the future is indubitably more hopeful than for perhaps a decade. The existing rate of fare on the traction lines is apparently not adequate to earn the 7½ per cent. on the investment valuation as agreed upon, but it is possible that trial over a longer period will demonstrate it to be sufficient. In any event, the situation is clarified by the decision of the higher courts on the law and the public has accepted the new rate. Moreover, the Northwestern States are more prosperous than for several years and some observers are of the opinion that a boom in that area is to be expected. The cities of St. Paul and Minneapolis would benefit and the traction companies and their subsidiary bus and cab lines naturally must increase their earnings.

Controls Cab Lines

Purchase of control of the Yellow Cab Corp. of Minnesota gives the street-railway company control of the Red Top Cab Co., the Yellow Cab Co., the Town Taxicab Co., Drive Yourself, Inc., and the Yellow Cab Co. of Duluth. It previously bought all the inter-city and suburban bus lines.

The principal obstacle to improvement in the position of Twin City Co. is the failure. so far, of the city council of St. Paul to give full effect to the order of the railroad and warehouse commission of Minnesota, relieving the traction company of some of the expense burdens mentioned in the order. These include paving, street-cleaning, sweeping, removal of snow and ice, etc. These questions were submitted at the regular election in November. A majority of the persons voting voted in favor of so relieving the company, but refraining from voting had the effect of an adverse vote. The company urges the council to submit the question—in reality an amendment to the city charter—at a special election. It is possible that this will be done.

The only effect of the order of the commission so far is to save the company $89,500 annually in municipal taxes.

Profit and Loss

	1926	1925	1924
	$	$	$
Net income	1,436,805	1,037,427	1,269,009
Net adjustments	30,247	29,332	77,062
Pref. dividends	210,000	210,000	210,000
Com. dividends	1,100,000	880,000	880,000
	1,340,247	1,119,332	1,167,062
Surplus	96,558	x81,905	101,947
Prev. surplus	1,866,347	1,876,038	1,774,092
P. & L. balance	1,962,905	1,794,133	1,876,039

x—Debit.

Railways

Track miles, all track reduced to Single Track	504.53
Total Car Miles Operated	29,297,108

Quebec Power Company Shares Make Record

From Our Own Correspondent.

MONTREAL—The shares of the Quebec Power Company have surpassed all expectations in making a new high for all time of 222. The reason for the demand for the stock lies in the general expectations regarding future developments. It is said that perhaps an issue of stock to the shareholders on a basis which would provide valuable rights, the placing of the stock on a 7 per cent. basis, and the eventual splitting up of the shares are among the patent possibilities of the near future.

The annual meeting is to be held shortly and a special general meeting following the regular meeting will be held to increase the number of directors from fourteen to seventeen.

C.N.R. WILL EARN INTEREST ON BONDS

Net in 1926 Should be Sufficient to Meet Interest Due Public

From Our Own Correspondent.

MONTREAL.—The preliminary statement of earnings of the Canadian National Railways for the year 1926, excluding the earnings of the Central Vermont Railway, showed a net of $46,400,000. This compares with net operating earnings during 1925 of $32,264,414.

From the increase in the net earnings, amounting to over 43 per cent., it seems probable that this year the Canadian National Railways will earn sufficient to meet the interest requirements of the securities in the hands of the public.

In 1925 the road had to meet some $72,000,000 in interest charges. Of this figure about $40,500,000 was for interest on securities in the hands of the public and $31,500,000 was for interest on funds advanced by the Government in the past. Incidentally, the latter figure naturally increases each year, for as the road is unable to meet the interest charges due the Government, the deficits are capitalized each year.

Will Meet Requirements

While the road earned last year $30,552,878 to meet these interest charges, totaling $72,000,000, from the preliminary report, it seems apparent that this year the road will have around $44,000,000 with which to meet its interest charges. This figure should meet all the interest on the securities which the railways have in the hands of the public.

During the year recently concluded the gross revenues increased 8.69 per cent. and the increase in the operating expenses amounted to 3.37 per cent. The non-proportional increase in the operating expenses is reflected in a satisfactory decline in the operating ratio, which for 1926 was 82.57—a satisfactory decline from 1925, when the operating ratio was 86.83 per cent. When the final figures for the year make their appearance, there may be some alteration in these net earnings figures, but the variation will be negligible.

Has Progressed Much

The progress which the road has made is seen in the following figures showing operating revenues, net earnings and operating ratio over the past five years:

Year	Oper. Rev.	Net Earn.	O. Rate
1922	$234,059,025	$ 2,886,711	98.77
1923	253,135,487	20,430,649	91.92
1924	235,588,182	17,244,251	92.68
1925	244,971,202	32,264,414	88,83
1926	266,270,000	46,400,000	82.57

Canada Steamship Lines Continues Its Expansion

From Our Own Correspondent.

MONTREAL.— On May 1, the Canada Steamship Lines will lay down two new ships at the Davie Shipbuilding yards at Levis one of these is being constructed to replace the steamship Montreal which was burned to the water's edge last fall off St. Joseph de Sorel, P. Q., and the other to replace the steamship Quebec. Both ships are to be ready for delivery on May 1, 1928.

At the present time, T. R. Enderby, general manager of the company, is in England where he will confer with leading naval architects regarding the construction of a new steamer to be used on the day line between Montreal and Quebec.

At the Midland Shipbuilding yards, a subsidiary of the Canada Steamship Lines, four package freight vessels are being completed. Shortly, the yards will lay down several new ships for other shipping interests. Two of the new package freighters have already been launched and the remaining two will be ready for the opening of navigation when all four will take their place in the package freight trade on the Great Lakes and on the St. Lawrence.

Gross Pass. Car Revenue	$12,603,215.75
Revenue Pass. Carried	185,711,950
Transfer Pass. Carried	68,917,932
Revenue Pass. per Car Mile	6.34
Total Pass. per Car Mile	8.69

Market Record

	High	Low
1923	80¼	59
1924	69	40
1925	79¼	58
1926	79½	58
1927x	66	60¾

x—To Jan. 31.

PRESSED METALS EARNINGS NEARLY DOUBLED IN YEAR

Annual Report Demonstrates Wisdom of Reorganization in 1926

Pressed Metals of America in 1926 earned $83,091, compared with $17,220 in 1925, it is revealed by the annual report. This company came into existence last year to acquire Pressed Metals of Canada and its subsidiary, the American Bushing Co. Pressed Metals of Canada had a plant at Toronto but toward the end of 1924 manufacturing was discontinued and all equipment was transferred to the American Bushing Co. at Marysville, Mich. The reasons for the reorganization of the company as Pressed Metals of America were concerned largely with the desire for economy of administration and the fact that the United States revenue laws assess foreign corporations more heavily than domestic, particularly on patent royalties.

Shareholders in the Canadian company got one share of preferred in the new company for each preferred share of old stock. In addition, shareholders got one half for each share of old, in lieu of accumulated dividends and in consideration of the fact that the new stock is 7 per cent., while the old stock was 8 per cent.

Profits Are Doubled

Profits from operation during 1926 were $127,587, compared with $64,795 for the previous year, $50,673 in 1924 and $103,244 in the year preceding. Liquid assets totaled sixteen times as much as current liabilities, the figures being $277,699 and $16,455. At the end of 1925, current liabilities were $13,111 and current assets, $92,831. The operating profit shown is after providing for depreciation to the amount of $44,396.

Bushing sales increased about 60 per cent. in 1926, over half of which was new business. President J. W. Leighton pointed out the decided improvement in the liquid position of the company, and the balance sheet is still further improved by the fact that there are no arrears in preference dividends. Accounts receivable are virtually on a cash basis, payments being made twice each month and the company has been accorded the highest rating by the commercial agencies in recognition of its promptitude in meeting obligations.

The outlook for 1927, in the opinion of Mr. Leighton, is encouraging, especially in view of the plans being carried out for the development of new business.

The report. on the whole, is extremely gratifying from the viewpoint of the shareholders and demonstrates the wisdom of having carried out the reorganization which wiped the arrears of dividends, accruing since 1920. The reorganization made possible considerable economy in administration, especially in view of the fact, that while many shareholders are residents of Canada, the company no longer operated a plant here.

The annual meeting will be held in Port Huron on February 21st.

The Sidney Roofing and Paper Co., Ltd., of Victoria, B. C., intends to add a pulpwood unit to the boxwood factory it is building. The addition will cost one hundred thousand dollars.

CANADA CEMENT COMPANY LIMITED

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:—

Your Directors beg to present herewith the seventeenth Annual Statement of affairs and financial position of your Company as at December 31st, 1926.

There was a marked improvement in Canada's purchasing power during 1926 over 1925, which, with the decreased selling price of cement, resulted in the total consumption of cement in Canada for the year 1926 showing a substantial increase over 1925 and enabled your mills to operate to approximately 57% of their capacity. Export business showed a satisfactory and steady growth.

We regret that the Sales Tax, which was referred to in our last year's report, is still in effect but we hope that the continued improvement in Canada's business will enable the Government to abolish this tax.

Your Company's income during the past year, derived from sources other than the manufacture and sale of cement, reached the sum of $697,041.05 and there is every prospect of this income continuing to increase.

Investments in and Advances to Other Companies have increased by $203,826.04, which increase is entirely accounted for by your Company having, during the year, paid in full for the stock which it subscribed for in the Pennsylvania Gypsum Company of Chester, Pa. Other investments show a decrease of $625,023.85, which is accounted for by the sale of securities, proceeds of which have not yet been re-invested and are therefore in Current Assets as cash.

Current Assets are $4,215,051.91, to which may properly be added investments in Bonds, which would give total Current Assets of $10,378,836.72. Total Current Liabilities are $1,126,533.63; therefore Current Assets exceed Current Liabilities by $9,252,303.09.

We are pleased to advise you that, during the past year, the price of cement to the consumer has been reduced and the policy of reducing our price as circumstances permit will be continued.

All of which is respectfully submitted,
On behalf of the Board of Directors,
F. P. JONES,
President.

CONSOLIDATED BALANCE SHEET, DECEMBER 31st, 1926

ASSETS

PROPERTY ACCOUNT:			
Land, Buildings, Plant, Equipment, etc. at original cost with subsequent additions, less Depreciation to date, including $1,650,884.65 for the year 1926			$22,213,014.20
INVESTMENTS:			
Bonds (not in excess of market values)		$ 6,163,784.81	
Investments in and Advances to Other Companies		1,154,758.73	
			7,318,543.54
CURRENT ASSETS:			
Inventories		$ 1,878,031.85	
Accounts Receivable (less Bad Debt Reserve)—			
Customers Accounts and Bills Receivable	$254,473.84		
Other Accounts	633,110.41		
		887,584.25	
Deposits on Tenders		146,328.71	
Cash		1,303,107.10	
			4,215,051.91
DEFERRED CHARGES TO OPERATIONS			92,038.34
			$33,838,647.99

LIABILITIES

CAPITAL STOCK:			
AUTHORIZED:			
Preference—110,000 Shares 7% Cumulative of $100.00 each		$11,000,000.00	
Ordinary— 190,000 Shares of $100.00 each		19,000,000.00	
		$30,000,000.00	
ISSUED:			
Preference—105,000 Shares 7% Cumulative of $100.00 each		$10,500,000.00	
Ordinary— 135,000 Shares of $100.00 each		13,500,000.00	
			$24,000,000.00
FIRST MORTGAGE 6% TWENTY YEAR GOLD BONDS:			
Authorized and Issued, due October 1, 1929		$ 8,000,000.00	
Less: Redeemed through Sinking Fund		3,456,853.16	
			4,543,146.84
CURRENT LIABILITIES:			
Accounts Payable		$ 672,136.44	
Bond Interest accrued at December 31, 1926		68,147.19	
Preference Dividend No. 68 payable February 16, 1927		183,750.00	
Ordinary Dividend No. 43 paid January 17, 1927		202,500.00	
			1,126,533.63
RESERVES:			
Fire Insurance		$ 1,311,032.39	
Extraordinary Repairs and Renewals		507,000.00	
Cotton Sacks Outstanding		150,000.00	
Industrial Accidents		140,500.00	
Contingent Reserves (a portion of which is available for Government Taxes)		668,861.21	
			2,777,393.60
SURPLUS:			
Profits from Operations for year 1926 after making provision for Depreciation	$1,576,966.25		
Add: Income from Other Sources including Interest on Investments	697,041.05		
		$ 2,274,007.30	
DEDUCT:			
Bond Interest	$ 287,897.80		
Contingent Reserve	200,000.00		
Fire Insurance Reserve	149,461.91		
Reserve for Extraordinary Repairs and Renewals	40,000.00		
Reserve for Industrial Accidents	16,500.00		
		693,859.71	
		$1,580,147.59	
DEDUCT:			
Dividends:			
On Preference Stock	$ 735,000.00		
On Ordinary Stock	810,000.00		
		1,545,000.00	
Balance of 1926 Profits		$ 35,147.59	
Balance of Surplus at December 31, 1925		1,356,426.33	1,391,573.92
			$33,838,647.99

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Books and Accounts of the Canada Cement Company Limited for the year ending December 31, 1926, and have obtained all the information and explanations which we have required. The operating profits of the year, as shown above, are arrived at after deduction of Depreciation and other provisions; and we certify that, in our opinion, the Balance Sheet at December 31, 1926 is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Company.

Approved on behalf of the Board,
F. P. JONES, Director.
H. L. DOBLE, Director.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, January 28th, 1927.

LOWER INTEREST ON MONEYS BORROWED BY SASKATCHEWAN

Municipality and School Securities Find Receptive Markets

The decidedly lowered interest rates which were paid by local authorities for moneys borrowed by way of debentures during 1926, is an excellent indicator of the improved status attained by Saskatchewan municipalities, school districts and telephone companies. "Not at any time since the war," states the report of the Local Government Board, "have Saskatchewan's municipalities and school securities found so receptive and advantageous a market as that now existing. Some years ago Eastern buyers did not look for debentures issued by Saskatchewan local authorities, nor were they in demand to any extent. Now the reverse is the case and they are eagerly sought.

"During the year just passed city debentures have sold at a rate which caused the issuing authority to pay as low as 5.11 per cent. on the money secured. The position reached by municipal securities of the province is so strong that the prices paid for them approach the rates received for provincial securities. Villages have no difficulty in securing money at 6 per cent., while many rural school districts have sold their debentures at a yield of from 5½ to 5⅞ per cent., with a lowering tendency. So keen is the competition for the debentures of Saskatchewan's local authorities generally that prospective buyers have often entered into negotiations for the purchase of the issue even before the ratepayers have had a chance to pronounce upon the proposed loan."

On Solid Basis

It is evident that Saskatchewan's cities, towns, villages, rural municipalities, school districts, rural telephone companies and hospital districts are finding a solid basis. The artificial has been eliminated to a large degree from their assessment rolls, and consequently the receipts of the year can now be more easily estimated. Where ratepayers are either unwilling or unable to meet the annual levies for municipal, school or telephone purposes difficulty is encountered. Throughout Saskatchewan, a general clearing of arrears of taxes has been taking place during the last few years, and with this collection comes as a natural result the clearing of debt. With thorough tax collections it is easy to conclude that even temporary defaults in meeting debts as they fall due are rapidly becoming things of the past.

Some dealers have difficulty in understanding why the local government board may grant its authorization to the issue of debentures by a certain municipality or school district and still refrain from approving of the resulting debentures as an investment for the sinking fund. In its report, the board explains that this is because the class and dates of maturity may not be such as to balance the particular sinking fund concerned. Again, the possibility of immediate conversion into cash should be taken into consideration when sanctioning a security as an investment for a sinking fund. Further, it might be pointed out that there are degrees of safety even among good investments, and that only the very best should be purchased by a sinking fund, which, as intimated, is guarded with extreme care by the local government board.

A summary of authorizations granted during 1926 shows that to all classes of local authorities a total of 451 authorizations were granted, aggregating $2,780,144.45, and compared with 356 in 1925, aggregating $1,690,505.22.

Sale of Debentures

During the year 372 issues of debentures of all classes, aggregating $2,214,178.40, have been sold, as compared with 288 issues, $1,460,811.20 in 1925. Over 50 per cent. of this amount was placed in Saskatchewan. The amount of debentures being returned from Eastern Canada for resale in this province shows a decided decrease. Comparing with 1925, a gradual reduction in rates in favor of the issuing local authority is indicated.

FINANCIAL POSITION OF SASKATOON GOOD

Despite Special School Advances City's Bank Loan on Current Account $70,000 Less

Tax collections for the City of Saskatoon during the past year show a marked improvement over the previous year, according to City Commissioner Leslie, a total of $1,716,224 taxes, arrears and current, having been collected, as compared with $1,255,728 in 1925, an increase of 28.4 per cent.

A study of the detailed figures shows that the city was successful in wiping off its rolls in 1926, $345,131, through the sale of properties acquired by tax sale proceedings as against a mere $16,230 cleared up in the same way in 1925. This accounts for more than half of the total improvement. Current taxes collected, however, also show a decided improvement, while payments received on account of ordinary arrears show a fair increase.

A reduction of $316,514 in the net outstanding taxes, which now amount to $1,244,927, was brought about during the year 1926, while the reserve against uncollectable taxes was increased from $585,684 to $608,283, being now approximately equal to one-third of the gross outstanding taxes, including the city's claim against all properties forfeited under The Arrears of Taxes Act.

Bank Loan $70,000 Less

As a result of greatly improved tax collections during 1926, coupled with larger profits than anticipated on the public utilities, the city's bank loan on current account shows a reduction of $70,000.00 at the beginning of January, compared to one year ago, and this in spite of special advances to the different school boards in December amounting to $38,600. These special advances were in the nature of cash settlements of certain taxes on property to which the city had previously taken title and for which provision had been made through the building up of a reserve.

Gasoline tractors for winter logging operations are gradually coming into general use.

Retail Merchants Want Mail Order House Tax

Claim Cash Sent Out Restricts Growth of Communities—Propose Levy on Business—Municipalities to Receive Money—Government Retail Bureau Suggested

Claiming that mail order houses make no contribution to local communities in any way for the privilege of carrying on their mail order business, while at the same time they use many of the public utilities paid for out of taxation on the other classes, the Retail Merchants' Association of Canada have petitioned the federal government to enact legislation whereby every establishment of such nature shall be taxed on the amount of all sales made by them in the provinces and that moneys received from this source he distributed to the provinces, according to the sales made therein, and to be redistributed by the provinces to their various municipalities on equitable basis.

It is declared by the merchants that the mail order houses have not only the advantage of low rates on their parcels sent through the Post Office Department, but have the advantage over local merchants of selling their merchandise in all the various communities without making any contribution in any way towards the maintenance and development of these communities. They pay no local taxes, they do not assist in the social life. They take away rather than add to the community.

The question of this alleged unfair method of competition with the local retailers has been for years considered by the association, not only in the interest of the retailers, but in the interests of community development, and in order that the local merchant might be placed on a more fairly competitive basis.

Cash Sent Out Restricts Growth

"This is a matter which is engaging the earnest attention of the business people of Canada who are interested in its future development," says a memorandum presented to the government this week. "The cash sent out of the various communities to Mail Order Houses, to be employed by them is restricting the growth and prosperity of the smaller towns, villages and rural communities, by taking from those communities the opportunity of employing the operating cost of distribution and profits within their districts.

"Towns or villages, through this lack of development, lose their prestige as live and attractive centres and property values, of not only the merchants and residents of these communities, but farmers as well tributary thereto, are much reduced in value. Of the dollar spent with the local merchants, the money is left in the community to help build up its social and economic life.

"Successful development of the community is dependent upon the promotion of those enterprises within that community which provide such employment for its citizens that it will give them a fair remuneration in proportion to service rendered, permitting them to enjoy many of the privileges of more modern methods of living.

Sixty Classes of Retailers

"An investigation of the retail trade situation shows that there are over sixty different classes of retailers in Canada selling exclusive lines of merchandise, and that altogether there were over 140,000 merchants or firms engaged in the retail business of this country, who distributed over $4,000,000,000 worth of merchandise, or an average of approximately $433 for every man, woman and child. By making a comparison of the value of export and import trade which amounted to a little over $2,000,000,000 last year, one is able to get some idea of the importance of the domestic trade of this country, and yet when compared with some of the single line industries, such as agriculture, which last year produced approximately $1,712,000,000, forestry $456,000,000, mining $232,500,000, even greater differences are apparent. These comparisons will give you some idea of the importance of the domestic trade of Canada and the service rendered to the public of this country by the distributors.

Operating Costs High

"It is estimated that the retailers, together with their employees, represent as much capital invested and pay as much taxes as any other class in the Dominion of Canada. They are large contributors to the development of the communities in which they are located and are, in most instances, the promoters of community development. A large portion of the cost of maintaining schools, churches, hospitals, good roads, and other public utilities, as well as charitable institutions within the community is paid for and maintained by the merchants resident in those districts.

"The beginning of community life and development is centred around the community store, just as the fireside is the centre of the family. For the privilege of doing business in that community it has been estimated by the Harvard Bureau of Statistics that the operating costs of the local merchant are, for a grocery store approximately 18 per cent., the shoe store 23 per cent., clothing store 23 per cent., drug store 25 per cent., dry goods store 23 per cent., hardware store 20 per cent., furniture store 26 per cent., department store 26 per cent. automobile dealers 24 per cent., jewellery store 27 per cent.; these expenses being returned to the community in the way of taxes, salaries, advertising, heat and light, delivery, office supplies, insurance, general expenses and depreciation. The return of this money to the community assists in building it up to the benefit of not only the merchant but all its citizens.

"The towns and villages can only be made attractive and business opportunities provided by the investment of money, and the re-investment of the earning power of that money within these communities. A dollar spent within the community is estimated to circulate fifteen times before its earning power has been used up."

The association admits that Mail Order Houses serve a purpose, but if the local consumer would give the local merchant the same opportunity to secure the merchandise which cannot be purchased from the local store, as he gives to the mail order house, by purchasing from the catalogue of the local retailer, the community store would be able to supply all the requirements of the consumer in that locality and, in many instances, at a lesser price than is being paid the mail order house.

Government Bureau Advocated

Establishment of a retail department within the Department of Trade and Commerce is also advocated by the Retail Merchants' Association to make an investigation of the domestic distribution business of this country, as it is felt that if a complete investigation was made, the Department would undertake to see that some of the unfair methods by which goods are being distributed were discontinued, and that every merchant should not only be given an equal opportunity of fair competition with his fellow merchant, but that these losses which are not only serious for those who have failed, but reflect back upon the community, and in turn are reflected in the price of goods generally, would be reduced.

Such a department within the Department of Trade and Commerce would have a tendency to stabilize business conditions in this country and would as a result of the investigation and the reports which would be submitted thereon, not only show conclusively that mail order houses are keeping back the proper development of community life, but that they should be placed on a fair competitive basis and should be required to pay for the privilege of doing business in these various communities in proportion to the average legitimate operating costs of the merchants located there.

ASK GOVERNMENT TO PROBE JUMP IN OCEAN RATES

(Continued from page 1)

brooms and woodenware. furniture, binder twine, wall-paper, kitchen cabinets, refrigerators and screen doors. Increases vary from 230 per cent. to 6 per cent. Only in one case is there a decrease; while in two classifications no changes have been made.

There is one dominant fact in connection with ocean rates. It is that they are not fixed upon any definite economic principle or structure. In the case of railway rates (at least so far as Canada is concerned) the Railway Commission has laid it down that they must be based on cost of operation. If a railway wants to advance the freight charges on any commodity they must appear before the Railway Commission and show the reason why. The steamship companies, on the other hand, are not responsible to any governing body for changes in their tariffs. They are governed, apparently, by the supply of ocean tonnage, the condition of export trade, by negotiations between ship owners and shippers, and by considerations of what the traffic will bear.

The justification given for the heavy increases of the past few months is that it is costing more to operate ships, that port charges, stevedoring, etc, have gone up. Manufacturers, however, who say that they have looked into the question, argue that there is no evidence to support such a claim; and while some of them are still negotiating with the ship owners (the millers are believed to have secured some reductions) others are appealing to the government. What the government will try to do about it remains to be seen.

Subscriptions having been received in excess of the amount of this offering, this advertisement appears as a matter of record only.

NEW ISSUE

$27,500,000

Republic of Chile

6% External Sinking Fund Gold Bonds

Dated February 1, 1927 **Interest payable February 1 and August 1** **Due February 1, 1961**

Principal and interest payable in New York City at the office of either of the Fiscal Agents, Kissel, Kinnicutt & Co. and Hallgarten & Co., in United States gold coin of the present standard of weight and fineness; or at the option of the holder in London at the office of the Sub-Fiscal Agent, J. Henry Schroder & Co., in Sterling at exchange rate of $4.8665 to the Pound Sterling; without deduction for any Chilean taxes, present or future. Coupon bonds in denominations of $1,000 and $500, registerable as to principal only. Redeemable only through the Sinking Fund, on August 1, 1927, or on any interest date thereafter at face amount on not less than 10 days' notice.

A cumulative Sinking Fund of 1% per annum is provided for, to operate semi-annually through purchase of bonds at or below face amount, or if not so obtainable, then by call by lot at face amount. The Republic reserves the right to increase the amount of any Sinking Fund payment, and to tender bonds in lieu of cash.

SINKING FUND CALCULATED TO REDEEM THE ENTIRE ISSUE AT OR BEFORE MATURITY

A substantial amount of these bonds has been placed in Europe, including $1,500,000 of bonds which are being offered in Amsterdam by Pierson & Co., Nederlandsche Handel-Maatschappij, Mendelssohn & Co. Amsterdam, Proehl & Gutmann and Vermeer & Co.

KISSEL, KINNICUTT & CO. and HALLGARTEN & CO., Fiscal Agents.
NATIONAL BANK OF COMMERCE IN NEW YORK, Registrar.

The following has been authorized by His Excellency, Don Alberto Edwards, Minister of Finance of the Republic of Chile:

OBLIGATION: These bonds will be the direct obligation of the Republic of Chile and principal and interest will be payable in time of peace or war irrespective of the nationality of the holder. The bonds will provide that if in the future the Republic shall issue or dispose of any bonds or loan secured on specific revenues or assets, these bonds shall be equally and ratably secured therewith.

PURPOSE: The proceeds of this loan will be used for public works, including additional port facilities, sanitation and water supply, and for the retirement of certain existing obligations.

DEBT: The total debt of the Republic as of December 31, 1926, including all guaranteed obligations, and including this issue but excepting obligations to be retired thereby, aggregates about $327,255,007, of which approximately $96,734,274 consists of guaranteed obligations.

Government-owned properties have an estimated value of approximately $650,000,000, which is about twice the total debt. On July 1, 1923, the total national wealth of the country was estimated at over $3,372,000,000, equivalent to over $855 per capita. The national wealth in 1923 was therefore over 10 times the total debt as of the end of 1926, including this issue.

The Republic has agreed to make application to list these Bonds on the New York Stock Exchange

These Bonds are offered when, as and if issued and accepted by us and subject to the approval of counsel, Messrs. Sullivan & Cromwell and Messrs. Chadbourne, Hunt, Jaeckel & Brown, New York City, who as to questions of Chilean law will consult with Messrs. Claro & Co., Santiago, of the Chilean Bar. We reserve the right to reject subscriptions in whole or in part, to allot less than the amount applied for and to close the subscription books at any time without notice. Temporary bonds or interim receipts of the National Bank of Commerce in New York deliverable in the first instance.

Price 93¼ and interest, to yield about 6.50%

Hallgarten & Co. **Kissel, Kinnicutt & Co.** **Halsey, Stuart & Co.** Incorporated **Lehman Brothers**
J. Henry Schroder Banking Corporation **Cassatt & Co.** **William R. Compton Company**
The Canadian Bank of Commerce **Dominion Securities Corporation, Limited**
Royal Securities Corp., Ltd. **McLeod, Young, Weir & Co., Ltd.** **R. A. Daly & Co.**
Hanson Brothers **Greenshields & Co.**

The above statements were obtained partly by cable. We regard them as reliable but in no event are such statements to be regarded as representations by us. Conversion of peso figures at parity of exchange. Sterling conversions at par.

February, 1927.

Quebec Industries Still Battle Proposed Compensation Rates

Proposed Schedule of Companies Draws Their Ire

With only two months of grace before the new Workmen's Compensation Act comes into force in Quebec the manufacturers and insurance companies appear still unable to solve the very vexatious problem of rates. The new rate schedule, filed in January by the tariff companies writing this class of risk, has been declared to be too high by the manufacturers of Quebec, who are seeking to obtain protection under the Act, at a cost more commensurate with the rates in other provinces. The Canadian Manufacturers' Association is acting as spokesman for the industrial men, and conferences have been held both with the government and with the insurance underwriters.

Higher Than in Ontario

In view of the fact that Quebec and Ontario compete actively for business in many lines of industry, the chief objection made by the C.M.A. to the new rates, is that they are generally much higher than the rates charged to Ontario manufacturers, under the Workmen's Compensation Act in that province. Insurance men on the other hand, argue that the two systems cannot be compared with any degree of accuracy or success.

Some years ago, an officer of the United States Bureau of Labor Statistics, made a study of the various compensation laws in Canada and the United States, and based his investigation on three tests of merit. First, the liberality of benefits; secondly, the cost to employers; and thirdly, the promptness of payments. With regard to the first test, benefits under the Quebec Act will not be as great as those enjoyed in Ontario, under the provincial compensation plan. Of course the Quebec rates, although worked out on scientific principles, are still somewhat of an experiment, but authorities estimate that the new Quebec plan provides only 85 or 90 per cent. of the benefits enjoyed in Ontario. For instance in Quebec, in cases of permanent and partial disability, or temporary incapacity, the new law provides for an allowance amounting to 50 per cent. of the yearly wages, whereas in Ontario the workman receives 66 2/3 per cent. Furthermore under the Quebec Act the employee loses a week's pay before his compensation begins.

Costs Employers Less

The second test for compensation insurance was the cost to employers. Figuring this on the basis of payroll, compensation under the Ontario plan costs on the average about $1.13 per $100. Accurate figures on the Quebec scheme are not available but a computation given to The Financial Post this week, places the average cost at about $2.00 per $100. This difference in cost is explained by various factors. Perhaps the most important reason is that the cost of maintaining the Ontario compensation is less than 5 per cent. That is to say, in Ontario for every $100 that the employers are assessed, over $95 is spent in actual compensation or its benefits. Under the Quebec scheme, the cost of doing business (maintaining insurance offices, selling the policies to the employers, etc.) forms a very considerable part of the premiums received from manufacturers.

The third test refers to the promptness of payments. and in this respect the success of the Quebec law depends entirely upon the service rendered by the individual companies. The result of the forementioned investigation in the United States showed that the average amount of time elapsing between the time of the accident and the first payment was 40 days. In Ontario the average time is 27 days, and incidentally Ontario holds the record for the promptness with which the first cheques are mailed after the report is complete. Ontario's average is two days as against a general average of nine days. The claim is made by insurance companies writing this class of risk, that, allowing for the first week to elapse during which there is no compensation, the cheques are as a rule mailed by them in time for the next pay day.

Says Rate too High

The Quebec Manufacturers are represented by Norman Holland, chairman of the Montreal branch of the C. M. A. "The average manufacturer," said Mr. Holland, "has taken the attitude that he cannot submit to the rates as quoted by the underwriters, as these will mean that the large interests will carry their own insurance, and that the smaller man will be obliged to pay the excessive rates as quoted by the companies." Mr. Holland, however, stressed the point that while a group of manufacturers had decided to form a mutual insurance company in order that their own risks might be taken care of to their own satisfaction, this movement was in no way connected officially with the Canadian Manufacturers' Association.

Although the insurance companies are bitterly opposed to "monopolistic state control," they maintain that they welcome competition either by mutual companies, or by a competitive provincial organization. They point to the city of New York, where state and private companies operate side by side, and where 80 or 90 per cent. of the business is written by private companies, in spite of the fact that the state rates are considerably lower.

The following summary shows the more important changes which will come into effect in Quebec on April 1 through the new Workmen's Compensation Act:

1. To a certain extent commercial establishments are brought under the provisions of the Act.
2. Apprentices, workmen and employees earning in excess of $1,500 annually are now added to the list of those who can take action under the W. C. A.
3. There is no longer the option of paying the capital sum of $3,050 and obtaining release from life rent.
4. Employers whose employees come under the provisions of the Act must obtain a policy of insurance to guard against accidents, or deposit a surety bond, a sum of money, or securities, or some other guarantee.
5. The inexcusable fault of the employee or employer is no longer an argument for the increase or decrease of the indemnity.
6. Attorneys are only entitled to taxable costs, adjudged against the opposing party, and to no other remuneration.
7. Apprentices are assimilated to workmen earning $600 annually.
8. Under this new Act, if revision is granted and judgment is given reducing compensation, the yearly rent can be reduced, whereas previously, in most cases, the capital of the rent had by that time been absorbed and the judgment could not be executed.

No Changes Will be Made in Law

The Quebec government has definitely announced that there will be no changes in the Workmen's Compensation law, and that it will go into force on April 1, absolutely unamended. Premier L. A. Taschereau says:

"There is absolutely nothing new in regard to the Workmen's Compensation Act, which will go into force just as it is. We have made the law as efficient as possible in every way, and we are not going to touch it."

COMPANY SELLS SLOT MACHINES AS INVESTMENT

Buyers Would Get 20 Per Cent. Royalty on Stationery Sold

A novel form of company financing has been introduced to Canada by Canadian Royalties, Ltd., 12 Wellington Street East, Toronto.

Salesmen are now in smaller communities and in Toronto offering, not stock, but a stationery vending machine at a price of $75 per machine. The man who buys the machine also gets a contract from Canadian Royalties by which Canadian Royalties agrees to lease the machine for eighteen years.

Owner To Get Fifth

In these eighteen years Canadian Royalties agrees to place the machine in a drug store, or a hotel lobby or railway station or wherever there is likely to be a sale of stationery. The public is expected to put a nickel (large size) in the slot, pull a lever and get in return two sheets of writing paper and a stamped envelope. The real owner of the machine, who has leased it to Canadian Royalties for eighteen years, is to get 20 per cent. of the receipts of the machine.

Canadian Royalties, for its four cents, or 80 per cent., agrees to keep the machines in working order and supplied with the stamped envelope and two sheets of writing paper for each five cents. The envelopes with the embossed stamp thereon are sold by the postoffice at standard prices regardless of quantity, but Canadian Royalties expects to make a good profit from the writing paper when enough machines are in use to make the buying of paper in mill lots economically feasible.

The vending machines are an invention imported from the United States. The machines to be used here are to be manufactured in a factory at Orillia.

Some Might Pay

This novel plan of selling slot machines in lieu of capital stock already has made some progress. The principal objection to it, assuming that Canadian Royalties will remain in business for eighteen years and that it will be in position to redeem the machines at the end of that time, as it agrees to do, is that the owner of a machine will have no means of judging if the return on his investment will be reasonable.

The locating of the machines will be in the hands of Canadian Royalties. With the best will possible, the company cannot guarantee the fair distribution of the devices, but this objection is offset by the proposal to pool the returns, and thus more equitably to distribute whatever profits there may be.

Cellulose Starts Soon

MONTREAL.—The new subsidiary of the Howard Smith Paper Mills known as the Canadian Cellulose, is about to start operations. The plant is situated adjacent to the Howard Smith Mills at Cornwall, Ontario, and is equipped to produce 50 tons of soda pulp daily, this production can be doubled without any addition to the existing buildings—further equipment only will have to be added.

The Howard Smith Mills will take a portion of the output of this subsidiary and the remainder will be sold on the open market. Incidentally, the new chemical pulp mill will consume poplar wood—a raw material which is less costly than spruce. The company has acquired poplar limits from the Ontario government.

Chute A Caron Power Co., operating on Saguenay River, has changed its name to Alcoa Power Co., Ltd.

Social Functions Played Big Part at Imperial Conference

Attention to Details and Well-Disciplined Formality Give English Functions Rare Interest

By HORACE T. HUNTER.

The Englishman handles functions—dinners, receptions, etc.—somewhat better than we do on this continent. This is the impression one has after sampling in quick succession, British, Canadian and American banquets and similar gatherings.

The social functions arranged for Imperial Conference delegates were of great interest and value to those privileged to go to London to follow the proceedings of the conference. They enabled the delegates, the majority of whom had come to Great Britain as comparative strangers, to meet representative men in many lines of business, social professional and governmental activities. The interchange of opinions which resulted was very beneficial to all parties, and tended to create the Empire viewpoint in the minds of delegates and others who were present.

Every evening brought its formal public dinner and an almost equally elaborate luncheon was arranged for a number of days.

Every Detail Provided For

The Englishman is without a peer in arranging functions of this kind. Nothing is left to chance. Every smallest detail is provided for. Frequently rehearsals are held so that each attendant may carry out his part of the programme with the greatest ease and efficiency.

The ladies were invited to a few of the important functions, notably the Guildhall dinner and the inspection of the fleet. This was the first time the ladies were invited to the fleet demonstration. Probably the advent of women to the legislative assemblies in some of the countries was responsible for this change of policy.

In London, the men are very punctilious about wearing the right attire for these various functions. Full evening dress, tail coat, white tie, broad wing collar, white vest, patent leather shoes were worn without exception, whether there were ladies present or not. The tuxedo is not in favor in London. Even at a restaurant or theatre, when a tuxedo is seen the chances are about ten to one the wearer is from this side of the Atlantic.

It must be admitted there is considerable satisfaction in knowing just what will be worn for it is equally embarrassing at a public function to be either the only one correctly dressed or the only one incorrectly attired.

Promptness a Virtue There

The reception is an important part of all these functions. Men seem to attend them not as a duty for the specific purpose of hearing some address, but in order that they may meet old friends and make new acquaintances. In Canada if a dinner is called for 7.30 a number of the guests will probably appear just in time to go in to dinner; a few will even come during the first course. Not so in London. Promptly at the hour announced the chairman and his associates are at the door of the reception room to receive and shake hands with every guest who has been invited. Each person's name is announced; a stranger feels that he is an invited guest.

At all the large functions each guest is given a programme which contains an alphabetical list of guests and the table number of each one; also a plan showing location of each table and the place at each table assigned to each guest. This enables guests to find out at a glance the identity of any one present.

Breaks in Proceedings

At many of these functions, it is the custom to adjourn at the conclusion of the dinner itself for further liquid refreshments and social intercourse. One then has an opportunity of meeting any individual whose name has been noticed among the list of guests but who had been missed prior to the dinner.

Shortly after my returning from London, I went to New York to attend a testimonial dinner to an eminent business newspaper publisher, James H. McGraw. It was held in the Grand Ball Room of the Astor House. Over 1,000 men partook of an excellent dinner. There was no formal reception. Guests were given a programme in which they found their name and table number. As soon as the doors were open they took their places. The chairman and head table guests met in another room and entered the banquet room after the other guests were seated. None of the 1,000 guests was received. Each took his seat just as he might do at a theatre or restaurant.

No Overcrowding Allowed

The contrast between the British and American custom was marked. The British custom has much to commend it. In our desire to be democratic and free from restraint we have lost the ease and convenience which comes from doing things in a conventional and disciplined manner.

The Englishmen will not allow overcrowding at any of their functions. Comfort is a first consideration. There was a big demand for tickets for the fleet demonstration at Portland, but the number was restricted to about 200. Double that number could have been accommodated if the function had been held in this country, but the British authorities limited the party to the number that could be handled without the slightest bit of overcrowding. This added, of course, greatly to the comfort and enjoyment of guests.

It is interesting to note some of the detailed arrangements made for handling this party. Each guest received by special messenger from the Admiralty an envelope containing his invitation, a badge bearing the number of his seat on the special train to Portland, the number of his seat for luncheon on the battlefield, his seat number for the return train trip, a programme for the day giving minute details of manoeuvres and the exact time each would take place, together with a brief description of each ship taking part. On arrival on the battleship, "Revenge," from which we were to view the manoeuvres, each of us was assigned to an officer who was to act as host and was prepared to answer politely and courteously any fool question which any landlubber might ask.

Can be Made Important

When properly handled, social functions can be made of great use and value in bringing together important interests. There are many matters which are not ready for formal discussion or interviews, but which can be advanced by informal discussion at some social function such as luncheon, dinner or "week-end" party. This is particularly true of state business where none of the principals desire to commit themselves to the extent of making any definite proposal or even of having it published that a formal interview took place.

Business details are worked out in an office, but broad, creative policies are frequently originated at clubs, restaurants or at some social function which brings together serious-minded men and women.

PLACE COST OF DUNCAN PROPOSALS AT $6,000,000

(Continued from page 1)

as well as the more considerable line known as the Quebec and St. John Railway. If, as the report suggests, the Kent Northern be taken over on a basis of $60,000 per mile, the outlay would be $1,620,000. If the St. John and Quebec Railway be taken over on the same terms the added cost to the treasury would be $6,000,000. And that would not be all. The St. John and Quebec Railway has been losing money at the rate of $250,000 a year; and there are accumulated deficits to be looked after amounting to $1,500,000. Finally, of course, there would be the deficits in the future.

The report recommends the establishment of coking plants in Central Ontario, the cost to be about $11,000,000. This outlay, of course, would be by private individuals, but the government would have to grant bonuses on coke adequate to promote the development of the industry. This, it is estimated would cost the treasury $500,000 a year. In the opinion of some, it would cost considerably more. It undoubtedly would cost more if, as is suggested by the Dominion Fuel Board, the bonus on coke be 70 cents per ton.

Worried Over Freight Rate Bonus

Finally—and this is the recommendation that is giving the cabinet most worry—is the suggestion of a reduction of freight rates by 20 per cent., the cost to be borne by the federal treasury. The public has not quite grasped the full meaning of this recommendation. Yet the recommendation is quite specific. It says:

"The cost of this relief should be definitely borne by the Dominion Government, who will make the necessary reimbursement to the Canadian National Railways through the medium of the Canadian National Railways budget, without impairing the financial results of the operation of the system. We are not overlooking that the other great railway system operating in the area would be entitled to equitable consideration if they find themselves prejudiced as a result of the reduction proposed."

And a few paragraphs further on the intention of the commission is made more clear. Thus:

"The cost of the reduction is a matter that can be measured definitely and conclusively for each financial period without any complications or confusion to the financial operations of the consolidated system—a feature that, in our view, is almost as important as the avoidance of complication in the practical operations of the system."

The meaning of this is plain. It is simply that the close of each year the railways should compute what a reduction of 20 per cent. in rates cost them, send the bill to the government, and have the government reimburse them.

In 1925 the freight revenues of the Canadian National Railways in the Maritimes was $10,000,000; the freight revenues of the Canadian Pacific $3,000,000. Therefore, the cost to the treasury of this recommendation would be $3,100,000 a year to begin with—$2,500,000 for the Canadian National; the balance for the C.P.R.

More Business—Greater Loss

But there is another feature to this method which causes concern. It is this: that if the reduction in rates is to be met in this way, then, obviously, the cost to the government will increase as business in the Maritimes improves. Thus, if freight traffic doubled, and the loss to the railways through the 20 per cent. reduction doubled also, then the effect, inescapably, would be to double the cost to the Dominion treasury. There are members of the cabinet who hold that this feature is utterly unsound.

Generally speaking, parliament is friendly to the Maritimes; and so is the government. But parliament and the government are also very anxious to reduce taxes; and if it comes to pass that a choice must be made between the two courses, there is no telling what may happen. In any event, it is perhaps just as well that in supporting the Maritime report the public should know exactly what it is supporting.

British Columbia's agricultural production for the year 1926 will be around $70,000,000, according to the Hon. E. D. Barrow, Minister of Agriculture. This is a new high mark for the province.

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JOIN THIS TOUR!

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from CHICAGO

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The train will be parked in downtown New Orleans at the convenient Illinois Central Poydras Street Yards. Equipment includes drawing room compartment, open section sleeping cars, dining, club, and observation cars—a complete home on wheels.

Side trip to Hot Springs, Ark., $23.25 additional.

Special reduced rate Mardi Gras round trip fares, good on all trains, on sale at principal points in Canada, Feb. 21 to 27, inclusive.

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Illinois Central Railroad
310 Dominion Bank Bldg.
Toronto, Ontario

Send, without cost to me, circular describing all-expense Mardi Gras tour to New Orleans.

Name ____________________

Address ____________________

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Mardi Gras at Biloxi, March 1. Two mammoth parades with Sieur D'Iberville in historic settings.

For reservations, circular giving full details, and booklets descriptive of New Orleans and of beautiful Gulf Coast, phone or write any Illinois Central representative.

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Illinois Central
THE ROAD OF TRAVEL LUXURY

KELVINATOR SEES FINE FUTURE FOR ITS TRADE HERE

Report Covering First Nine Months in Canada is Favorable

The first annual report of Kelvinator of Canada, Ltd., covers only nine months of the fiscal year which ended September 30th last, as the company was organized in Canada only at the beginning of the year. The net result was a revenue of $74,361, out of which $26,000 was paid in preferred dividends, leaving a balance of $46,371.

Current assets were given as $598,502 and current liabilities, $13,950, making a net working capital of $584,552. Cash on hand was $71,080 and government bonds, with accrued interest, totaled $315,802.

Establishment of an English company, capitalized at $200,000 was reported, and advances of $9,730 were made to this concern as well as other assistance, such as stock to fill showrooms, etc.

Outlook Promising

Orders came in rapidly from the start and a number of the early ones were filled at the works of the parent company in Detroit. The profits on these transactions were allotted to the Canadian company. The Canadian company has the exclusive right to manufacture and sell Kelvinator in every country outside the United States. The dividends on the preferred stock in the Canadian company are guaranteed by the Kelvinator company of the United States.

The outlook for this company is promising. Its plant at London, Ont., is well-equipped to assemble and manufacture electric refrigerators and it is located near enough to the parent plant to facilitate assembling operations of those parts of the product which more economically can be imported from Detroit. The Kelvinator company at Detroit is just completing a plant which will have a capacity of 1 000,000 refrigeration units annually.

Company Is Sound

Opinion in investment circles is that Kelvinator, by reason of its sound financial history as well as the merit of its product, has an excellent chance to retain its position as one of the outstanding manufacturers of electric refrigerators. This field, like some others which are recent developments, at the present time is perhaps overcrowded, with a great many smaller concerns engaged in manufacturing. If experience in other lines is a criterion, it is probable that the next two or three years will see most of the smaller concerns engaged in manufacturing. If experience in other lines is a criterion, it is probable that the next two or three years will see most of the smaller concerns go out of this business and the trade will become concentrated among a comparatively few manufacturers. The concerns with the most substantial backing as well as manufacturing and marketing experience, are the ones which will survive and continue to grow.

Kelvinator appears to have all the requisite qualifications for success in this field.

Market Record

	Common High	Common Low	Preferred High	Preferred Low
1926	24¼	9⅞	95¾	88
*1927	12	9⅞	91	88½

*To February 1.

Landed Banking Reserve Now Totals $1,100,000

Annual report of Landed Banking and Loan Company for the year 1926 is the fiftieth to be issued by the company. Report shows the company to have earned all expenses, its nine per cent. dividend and one per cent. bonus and all but $934 of the $30,000 transferred to reserve from earnings. In addition to this transfer, $20,000 was taken from the reserve for contingencies and put in general reserve fund, reducing contingent reserve from $70,000 to $50,000 and effecting a total increase for the year, in general reserve fund, from $1,050,000 to $1,100,000, which is 110 per cent. of capital.

Comparative figures follow:

Profit and Loss

	1926	1925	1924
Earnings	$265,292	$260,001	$253,864
Interest	80,017	77,797	71,684
Taxes	11,216	18,399	13,165
Expenses	44,993	43,925	37,835
	$136,226	$140,121	$122,684
Net profits	$129,066	$119,880	$131,180
Distribution—			
Dividends	$100,000	$ 90,000	$ 90,000
Reserve	30,000†	40,000	30,000
	$130,000	$130,000	$120,000
Balance	$ x934	$x10,120	$ 11,180
Prev. Balance	22,433	32,553	21,373
P. & L. Balance	$ 21,499	$ 22,433	$ 32,553

x—Debit.

†—In addition to $20,000 transferred from contingent reserve.

Ten Years' Record

	Paid-up Capital	xNet Profits	% Prof. Div.	av. Cap.	†Earn. Rate
1926	$1,000,000	$129,066	9+1	12.9	6.0
1925	1,000,000	119,880	9	11.9	5.2
1924	1,000,000	131,180	8+1	13.1	6.3
1923	1,000,000	116,840	8+1	11.6	5.8
1922	1,000,000	126,478	8+1	12.6	6.3
1921	1,000,000	121,452	8	12.1	6.2
1920	1,000,000	119,274	8	11.9	6.2
1919	1,000,000	120,598	8	12.0	6.4
1918	1,000,000	129,501	8	21.9	7.2
1917	1,000,000	135,885	8	13.5	7.9

x—Taxes deducted.

†—Per cent. capital, reserve, and balance at beginning of year.

Total assets have increased from $4,032,967 to $4,090,628. Mortgages held amount to $3,213,697, as against $2,982,838. Savings deposits also show moderate expansion. Canadian debentures are higher and sterling debentures lower.

Bank of Montreal's New Branch

A branch of the Bank of Montreal opened on February 1 at 3276 Bremner Street. Montreal, to be designated Park Avenue Extension Branch, under the management of F. A. Allan.

Some Newsprint Surplus; Shares Have Weakened

Paper Men Say Long Predicted Over-production Arrives and is What Now Depresses Securities—Impossible to Forecast Duration of Situation But Many Investors Waiting to Buy Shares for Long Hold

From Our Own Correspondent.

MONTREAL.—Almost every day some newspaper appears carrying articles pointing out that Canada is now the leading newsprint producer in the world and that the production of newsprint in 1926 established new high records. Despite the optimism and the propaganda, the newsprint stocks as a group are in the doldrums. Prices have fallen off materially and there is but little trading in this group of stocks.

The reason for the apparent paradox is due to the fact that there is present an actual overproduction of newsprint. And this means exactly what it says; there is not the possibility of an overproduction on the horizon, but in the opinion of men inside the business, a period of surplus production has actually arrived.

Newsprint executives say that they do not know how long the present situation will last. Too many factors enter into it. A small war anywhere in the world would immediately increase consumption and the output would once again lag behind the demand. There are many other things which might increase consumption.

No Need For Panic

But shareholders of the sound and strong companies need not worry about the future. Even to-day there are many shrewd investors carefully watching the newsprint stocks. Investors who are but awaiting slight declines in the strong companies to leap in and purchase the shares for a long hold in which they are practically assured of substantial profits.

Should the present surplus prevail throughout the year 1927, there are those who feel that profits will be materially curtailed. This is not necessarily so. In the first place most of the companies have their old customers who will buy just as much newsprint in 1927 as they did in 1926.

Some mills will undoubtedly curtail their production somewhat, if the present situation be maintained. But in 1925 the whole industry curtailed its output, yet 1925 was certainly not what could be called a bad year for the newsprint companies.

No Lower Prices Yet

Then again some investors fear that the surplus prduction may bring about lower prices. But the industry has set its face against further reductions and as it is controlled by a few strong groups there appears at the moment no reason why a cut in price need be anticipated.

The reason why one or two producers are not finding satisfactory markets is due to the rapid expansion of the industry during the past year. The figures accompanying this article reveal clearly the reason for the present situation. The production of Canada and the United States increased by 17 per cent. in 1926, despite the fact that average annual increase in consumption over the past ten years amounted to only 6.9 per cent. The result of such a tremendous increase has been obvious for months.

Depends On Business

But the newsprint industry must also be viewed from another angle: the business situation which prevails in the United States. The demand for Canadian newsprint depends upon the volume of advertising in the U.S. and the volume of advertising depends thereupon the prevailing level of business in that country.

Last year, business in the States in practically all industries broke new high ground with a consequent increase in the volume of advertising. The size of the U. S. dailies increased and the demand for Canadian newsprint increased also. Everything went merrily as a marriage bell until about the beginning of December, when the demand slackened somewhat. A surplus production, or it would be more correct to say a surplus capacity for newsprint resulted.

There is really no such thing as a surplus stock of newsprint. When the demand is not keeping pace with the supply, the mills slow up production for they have no place to store their output. A mill which turns out 500 tons of newsprint daily would soon find itself buried by its production if there were not what amounts to an immediate market awaiting its output.

Capacities Too Large

The situation which exists at present then is not that there is actually a surplus of newsprint on the market, but that the capacity of the Canadian mills is a little—and only a very little—larger than the present demand in the U.S.

In the meantime the general level of business in the States is being maintained, but there is no expansion there such as prevailed in 1926. The current year, so economists forecast, will not witness the business expansion experienced in the U.S. in 1926. Thus the outlook is that the demand for newsprint will grow, but it will not grow with the leaps and bounds of 1926. Obviously consumption will finally catch up with the capacity of the mills and once again the industry will be pressing its machines to their utmost capacity to meet the demand.

Until this occurs there seems to be little likelihood of any material advance in the newsprint stocks. The hard thing to do, however, is to pick the strategic moment when newsprint securities will again be a very attractive purchase.

To Sell Or To Hold?

What then is the shareholder of a newsprint company to do? Should he sell and await lower prices to buy in again, or should he stick with his shares till the present shadows flee away?

The answer lies, perhaps, in the whole situation surrounding the newsprint industry. There are few timber berths remaining in Canada; and the U.S. is fast approaching a period in which it will experience, a very decided dearth of pulpwood. The attitude of the provincial governments of Canada seems to be toward limiting new mills. Thus it seems reasonable to suppose that in the end the newsprint industry can not help but be in a remarkably strong position—in fact an impregnable position, for the States must obtain its newsprint, and the sources of supply, while not actually decreasing yet, are practically remaining constant. It is ridiculous to presume that the demand for newsprint over the next few years will not undergo an increase. Thus the ultimate future seems well assured. In the meantime, then, shareholders should not be disappointed should their favourite newsprint shares fall off a few points.

Markets Broaden

The Canadian newsprint manufacturers are also getting a firmer foothold in markets overseas. While the newsprint stocks are at the moment in the doldrums, any forecasts which indicate that they are likely to stay there for some time are foolish. There are too many hopeful factors in the situation. It is the spectacular, not the investor, who has anything to fear in the largely increased capacity of the newsprint mills.

The appended tables show the Canadian newsprint companies with their rated daily capacities in tons per day. The tonnage coming on the market in 1927 and subsequently is shown also. While the increase during the present year looks large, yet is considerably smaller than in 1926. Moreover, as the International Paper brings up its tonnage at its new Gatineau mill, it will turn over some of its U.S. mills to the production of fine paper. Thus the actual increase in capacity of the newsprint mills of this continent will not be as great as the table indicates.

Canadian Newsprint Mills

	Tons Daily
Abitibi Power & Paper	518
Bathurst	65
Beaver Wood Fibre	70
J. R. Booth	156
Brompton Pulp & Paper	220
Can. International Paper	650
Donnacona Paper	230
E. B. Eddy	150
Ft. Frances Pulp & Paper	163
Fort William Paper	150
Kenora Paper Mills	225
Laurentide	390
News Pulp & Paper	35
Ontario Paper	315
Pacific Mills	245
Port Alfred Pulp & Paper	300
Powell River	450
Price Brothers	740
St. Lawrence Paper Mills	320
St. Maurice Valley	915
Spanish River Pulp & Paper	711
Wayagamack Pulp & Paper	200
Total daily rated capacity	7,213

To Start 1927

1st quarter—	
Port Alfred	100
2nd quarter—	
Can. International	225
Ste. Anne Paper	250
Fort Frances	100
Manitoba Paper	100
3rd quarter—	
Can. International	225
Subsequently—	
N. B. International	250
Fraser Companies	250
Lake St. John Pulp and Paper	200
Bathurst	250
St. Regis	400
Crown Willamette	200

Increasing Newsprint Production

	Canadian	U.S.	Total	% Increase in Year
1913	350,000	1,305,000	1,655,000	6
1914	415,000	1,313,000	1,728,000	4
1915	489,000	1,239,000	1,728,000	nil
1916	608,000	1,315,000	1,923,000	11
1917	686,000	1,359,000	2,045,000	6
1918	735,000	1,260,000	1,995,000—	2
1919	803,000	1,375,000	2,178,000	9
1920	876,000	1,512,000	2,388,000	10
1921	808,000	1,225,000	2,033,000—	15
1922	1,082,000	1,448,000	2,530,000	24
1923	1,266,000	1,485,000	2,751,000	9
1924	1,353,000	1,482,000	2,835,000	3
1925	1,522,000	1,530,000	3,052,000	8
1926	1,882,000	1,686,000	3,568,000	17

£

4%

on Savings Accounts subject to cheque withdrawal.

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British Columbia Agents for Wood, Gundy & Co., Ltd.

Would Provide Prison for Bad Cheque Evil

The Retail Merchants' Association of Canada presented to the Dominion cabinet suggested legislation to end the N.S.F. cheque evil. Their recommendation said:

"We have for several years past been protesting against the ever increasing fraudulent use of negotiable bills and particularly cheques. This system of issuing cheques which are N.S.F. is becoming very vexatious to the merchants who, in most instances, are the losers, and is becoming more prevalent. We would suggest that legislation should be introduced to take care of this growing evil somewhat similar to the following:

"'Everyone is guilty of a misdemeanor and liable to one year's imprisonment or to a fine of $1,000 or both who with intent to defraud makes and delivers any cheque for the payment of money, knowing at the time of such making and delivery that he has not sufficient money or funds or credit for payment in full of such cheque.

"'There shall be prima facie evidence of the intent to defraud and of the knowledge of insufficient money, funds or credit, if payment is refused by the drawee because of insufficient money, funds or credit, provided that the maker or drawer shall not have paid the holder of the cheque, the amount stated thereon, together with the amount of protest fees, if any, within five days after receiving notice in person or in writing that such cheque has not been paid.

"'Credit, as used herein means any arrangements made by the drawer with the drawee for the payment of such cheque.

"'Cheque, as used herein, means any cheque, draft or order drawn by any person, firm or corporation on a bank or depository of money or funds, for payment of the amount stated in the cheque'."

B.C. Permanent Loan Mortgages Increase

British Columbia Permanent Loan Company had a satisfactory year in 1926, maintaining and slightly increasing the total earnings of 1925. Earnings were $202,782, as against 202,517, and after all deductions, including dividends and bonus, totaling, seven per cent, there was $9,373 to add to surplus.

Comparative figures follow:

Profit and Loss

	1926	1925	1924
Earnings	$202,782	$202,517	$190,004
Expenses	54,289	55,960	55,404
Interest	64,206	64,003	60,206
Income Tax	8,750	8,000	5,926
	$127,245	$127,963	$121,536
	75,537	74554	68,468
Distribution—			
Dividends	66,164	66,093	75,445
Balance	$ 9,373	$ 8,461	*$6,977
Prev. balance	10,766	2,306	9,284
	$ 20,139	$ 10,767	$ 2,307

*Debit.

Twelve Years' Record

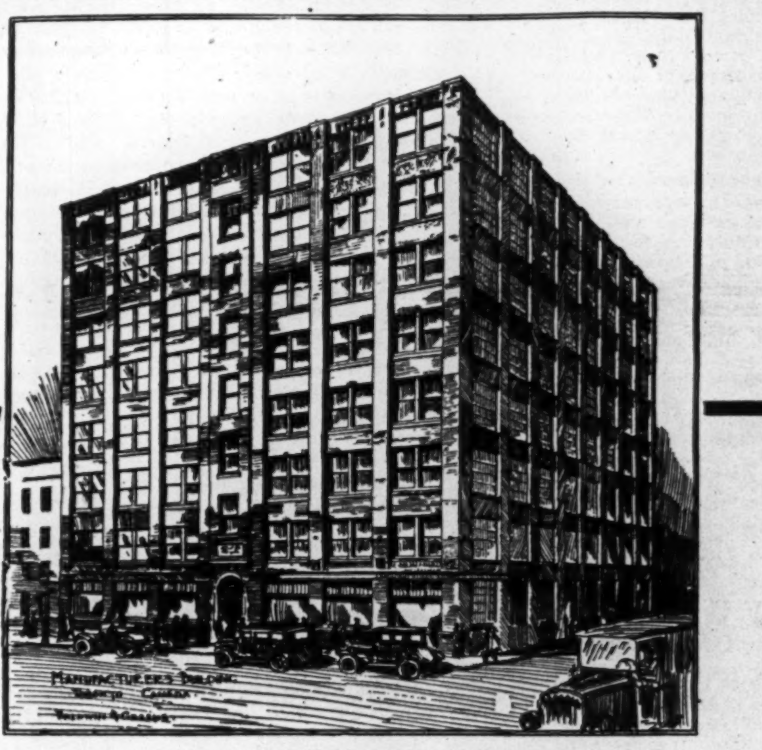
Year	Paid-up Capital	xNet Profits	% Prof. Div.	av. Cap.	†Earn. Rate
1926	$945,529	$75,537	6+1	8.0	4.7
1925	944,599	74,554	6+1	7.9	4.6
1924	943,319	68,468	6+2	7.2	3.9
1923	942,424	74,505	6+1	7.9	4.2
1922	941,829	86,012	6+2	9.1	4.9
1921	940,763	101,435	6+2	10.9	5.9
1920	926,721	126,468	6+2	13.6	7.5
1919	923,721	91,789	6	9.9	6.5
1918	923,290	76,289	..	8.3	4.3
1917	923,290	45,729	..	5.0	2.8
1916	923,290	57,536	..	6.2	3.3
1915	923,290	52,200	5	9.2	3.3

xProvision for income tax deducted.

†Per cent., capital, reserve and balance at beginning of year.

New mortgage investments amounted to $611,000, bring total of such investments to $2,203,412, as against $2,093,192. Interest rates show a tendency to decline on the coast. Substantial increases were obtained in Canadian debentures and savings accounts.

Sixty-two per cent. of Canadian families own their own homes. Of the 2,001,512 families in Canada, 1,239,150 own their own homes and 762,362 rent.



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An eight-story loft building of solid brick mill construction, suitable for manufacturers' agents and others, five minutes' walk from the Union Station.

SECURITY FOR AN ISSUE OF

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The present demand for this type of building in Toronto is evidenced by the fact that before the foundation was completed the owner had a request for five entire floors of space in it.

The estimated net annual earnings of building are $28,800, or nearly three times the greatest annual interest charge. The bond issue is for less than 50% of an independent appraisal, and for less than 30% of our own highly conservative appraisal.

This advantageously-situated, substantial building, of a type greatly needed, forms a security of unsurpassed excellence, and affords an investment opportunity of unusual merit.

Send in the coupon for circular giving full description of the property and details of bond issue. This will place you under no obligation.

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WM. BROWN, Vice-President and Managing Director.
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Gentlemen,—Without obligation on my part, send me descriptive circular of the Manufacturers' Building bond issue.

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Address ....

DOM. FOUNDRIES SLOWLY GAINING BETTER POSITION

Shows Slight Profit for Year Despite Drag of Idle Mill

Although net profits for the year are shown at only $1,137, compared with $553 for 1925, the annual report of Dominion Foundries & Steel, Hamilton, reveals a substantially improved position at the end of 1926, compared with the previous year.

The profit and loss account shows a balance of $493,126 at the end of the year, compared with $491,989, for the preceding fiscal period and $491,436 for 1924. In this time, however, the company has been making progress in reducing bank loans and otherwise has improved the liquid position. Operating profit in 1926 was $151,512, compared with $54,839 in 1925 and $113,722 in 1924.

Asks Tariff Adjustment

Dominion Foundries & Steel is one of those companies which made substantial profits during the year period and which was very generous with its shareholders. At the close of the war period, however, depression set in and the management ever since has been striving valiantly to readjust the position of the company to new conditions.

In the last year, as in other recent years, the operations were confined to steel castings. The steel plate mill, which was constructed several years ago at a cost of $4,000,000 and which is asserted to be one of the best on the continent, has never made a steel plate because the tariff of $3 the ton does not permit the company to compete in the home market. The company has not withdrawn its application to the government for a tariff of $9 the ton on such material.

If this mill were in operation, there would be steady employment for several hundred skilled and semi-skilled workers in Hamilton and the financial difficulties of the company would, in all probability, disappear.

Bank Loans Reduced

In the meantime, the company is manufacturing steel castings and, because of its manufacturing facilities and the technical and managerial ability of the staff, is carrying the load of the idle plate mill. President C. W. Sherman pointed out that the bank loans, now $420,000, had been reduced during the year and he predicted, judging by the January business, that 1927 would prove better than 1926.

Stock of the company is carried on the books at $3,718,000, of which $719,000 is preferred, 8 per cent. with arrears accumulated from 1920. Of the $1,894,500 7 per cent. first mortgage bonds certified as outstanding by the trustee, $1,750,000 is deposited with the company's bankers as collateral on bank loans of about one-fourth that amount. Current liabilities, including this secured bank loan, total $525,014 and current assets amount to $316,662.

Dominion Foundries has a substantial interest in the Adirondack Steel Foundries Corp. President Sherman says that this is likely to prove a source of revenue since the reorganization of the American company.

Profit and Loss

	1926	1925	1924
Oper. profits	$151,512	$ 54,839	$113,722
Depreciation	107,647	7,625	63,000
Interest	40,728	44,287	47,216
Discount	2,000	2,000	2,000
Taxes	....	374	....
	$150,375	$ 54,286	$112,216
Balance	$ 1,137	$ 553	$ 1,506
Prev. bal.	491,989	491,436	489,930
P. & L. bal.	$493,126	$491,989	$491,436

DOMINION RADIATOR INCREASES PROFITS

Company is Revealed to be in Exceptionally Strong Financial Position

Dominion Radiator Co., a subsidiary of American Radiator Co., operated its plant 80 per cent. of capacity in 1926, according to the annual report, the profits increased from $158,255 in 1925 to $264,761 last year. Due to the introduction of new lines, gross sales were increased, with a consequent increase in net profits. After payment of the 7 per cent. cumulative dividend on the preferred, earnings amounted to $11.73 on the common. All the common and a block of the preferred are held by the parent company.

Dominion Radiator is accumulating cash and government bonds with a view to ultimate retirement of the preferred stock. The preferred is listed on the Toronto Stock Exchange. The general reserves now amount to $486,550 and the surplus is $660,162. There is $132,423 cash in the operating account and $420,000 comprises special bank deposits. Government bonds on hand amount to $588,000.

Working capital is $1,650,681, which is $102,000 more than the par value of the preferred stock outstanding. Current assets total $1,692,473 and current liabilities the comparatively trifling sum of $41,791.

Profit and Loss

	1926	1925	1924
Profits	$264,761	$158,255	$220,587
Other income	44,416	66,572	19,259
	$309,177	$224,827	$239,846
Taxes	85,377	70,120	64,932
Depreciation	45,000	45,000	45,000
Bad accounts	.....	.....	5,131
	$130,377	$115,120	$115,063
Balance	178,800	$109,707	$124,783
Dividends	108,388	108,388	108,388
Surplus	$ 70,412	$ 1,319	$ 16,395
Prev. Surplus	589,750	588,431	572,036
	660,162	$589,750	$588,431

Market Record

	Preferred High	Preferred Low
1925	102½	98½
1926	103½	100¼
*1927	101	101

*To February 1.

Hon. Herbert Greenfield is leaving for England to take up his work as overseas emigration agent for Alberta.

ONTARIO EXPERIENCES BIG TOBACCO BOOM

Change in British Tariff Opens Up Large Market at Expense of Kentucky Growers

Oil, land, mining and other booms have been experienced from time to time, but it remains for Ontario to give the Dominion its first tobacco-growing boom. In the current issue of MacLean's Magazine, Douglas MacKay tells the story of Canada's remarkable increase in tobacco production and how in a period of two years, through changes in the British preferential tariff, Ontario has come to play an important part in supplying the United Kingdom with its requirements in the way of tobacco.

World trade currents are not changed quickly, says Douglas MacKay. They swing along like ocean tides, but this was a striking exception where, in the course of a few days, an export market worth millions of dollars was lost to Kentucky and gained by Ontario.

The British buyers had always secured their tobacco from Kentucky and paid eight shillings a pound to get it into England, but Winston Churchill's imperial gesture knocked a neat loophole in the British tariff and admitted the Canadian product for six shillings a pound. Kentucky staggered under what was really a terrific blow to the industry in that state, and Kentuckians were sent as scouts to Ontario to find out what it was all about. The scouts came, and sent back reports of big times ahead, and remained themselves to get in on the start of the new industry. Kentucky had received a rude shock, and eventually may be cut off from the British market. All because the tobacco growers of Ontario were invited to come in by the family entrance and do business with John Bull.

The Federal Department of Agriculture advised the Canadian growers to stand by. It hinted of pleasant things that were going to happen to the 1926 crop. The crop came in and bidding for export tobacco commenced. In Kentucky offers fluctuated around seven cents a pound, and in Ontario thirty and thirty-five cents. Land values along the north shore of Lake Erie jumped. The volume of export trade doubled.

Tobacco grows best in a type of soil known technically as "Dunkirk." On this continent, Dunkirk soil lies in a curious belt which starts in Virginia and curves up through Kentucky, Ohio, Pennsylvania, Michigan, and stretches in a ribbon along the north shore of Lake Erie through the counties of Essex, Kent, Elgin and Norfolk. These are the Ontario counties which have suddenly acquired a new importance in inter-imperial trade.

A $10,00,000 Crop

In 1900 Canada had less than 12,000 acres under tobacco, with an annual yield of 11,267,000 pounds. In 1925 the commercial acreage was 28,000 with a field of over 20,000,000 pounds. The 1926 crop in Ontario alone was 29,500,000 pounds, with an estimated value of $7,000,000. It is known now that the 1926 acreage will be capable of producing a crop worth $10,000,000 this year because of the more intensive cultivation and scientific treatment that is being applied to tobacco. One British firm is building in Chatham a plant to handle 4,000,000 pounds of this tobacco this year, with a total capacity for more than double this amount. Sir Philip Cunliffe-Lister, president of the British Board of Trade, told the delegates to the Imperial Conference last autumn that before the war the Empire supplied the United Kingdom with one and a half per cent. of its tobacco. Now it supplies eleven per cent., of which Canada provides a very large proportion.

National Trust Company Again Exceeds Records In Past Year's Progress

Sir Joseph Flavelle, Bart., President, and Mr. W. E. Rundle, Vice-President and General Manager, Describe Aspects of Company's Business to Shareholders at Annual Meeting—National Trust Having Full Share of Canada's Increasing Prosperity—Figures of Company's Earnings and Assets Are Largest in Its History—Total Assets Increase by More Than $13,000,000, Now Aggregating Over $157,000,000—Estates, Trusts and Agency Property in Company's Charge Shows Increase of More Than $12,000,000—Deposits and Guaranteed Funds Also Increase and Security Behind These Funds Is Stressed—Outlook Is Hopeful—Sixtieth Anniversary of Confederation Finds Canada on High Road to Prosperity.

Whether considered from the point of view of growth of business or from the point of view of size of profits, the year 1926 was a prosperous one for the National Trust Company. The record shown the Shareholders of the Company by the President, Sir Joseph Flavelle, Bart., and the Vice-President and General Manager, Mr. W. E. Rundle, at the Annual Meeting held February 1st. carried the information that during the year the assets under the Company's administration had increased by more than $13,000,000, of which more than $12,000,000 are Trusts. Estates and Agencies, and the Guaranteed Trust Funds and Trust Deposits are more than $1,400,000. Confidence in growing prosperity for business in Canada marked the addresses of both the President and the Vice-President.

In moving the adoption of the Report, Sir Joseph Flavelle said:

PRESIDENT'S REMARKS.

Evidence of the increasing prosperity in Canada is to be found in statements of financial institutions which have been presented to various bodies of shareholders in the past few weeks. Consideration of the Balance Sheet which has been submitted to-day shows that in this prosperity your Company has had its full share. In all branches of its business progress has been made, and I am confident you will regard the statement submitted by your Board of Directors as a satisfactory one.

The care of a business as large and varied in its scope requires a competent and increasing staff, and I can assure the Shareholders that in every way the staff of this Company is fully qualified to take care of any business entrusted to it.

In accordance with the By-laws of the Company the customary inspection of the Company's securities was made during the year by the Inspection Committee, and I have pleasure in laying this report upon the table to-day for your approval.

The annual inspection of the Company by the Government, as provided by the Act of the Legislature of the Province of Ontario, also took place during the year.

During the year your Directors authorized subscriptions to various charitable funds. A resolution in confirmation of these subscriptions will be submitted to you to-day.

We record with regret the death during the year of our colleague, Mr. Chester D. Massey, and wish to place upon record our sense of his high personal worth, the integrity of his character and his outstanding benevolence and philanthropy as a citizen. Mr. Massey always took a very keen interest in the affairs of the Company and we shall miss his presence at our meetings.

I desire, on behalf of the Board, to express appreciation of the services given to the Company's affairs by the Resident Directors at Montreal and at Winnipeg; also to acknowledge the valuable services of Messrs. Thomson, Dickson and Shaw, and of Messrs. Finlayson, Auld and Mackechnie, the Company's Agents at Edinburgh and Glasgow, respectively.

Before moving the adoption of the report, I shall ask the General Manager to address you.

The General Manager, Mr. W. E. Rundle, then spoke as follows:—

GENERAL MANAGER'S REMARKS.

Sir Joseph and Gentlemen:

The Balance Sheet just placed before you needs little comment and speaks for itself. Both in earnings and assets under administration the figures are the largest in the history of the Company, and will be, I am sure, gratifying to you, as they are to your Directors and Management. The results of the year just closed could not have been obtained without the services of a loyal and efficient staff, and I should, therefore, like to take this opportunity at the outset of my remarks to express to the staff my appreciation of their efforts and the enthusiastic support they have given the Company and its affairs.

The net earnings for 1926 were $402,647.32, as against $375,693.69 the previous year. From the year's earnings a dividend of 12 per cent. was paid, while a glance at the Profit and Loss Account before you will show the manner in which the balance of the earnings was distributed.

Business Larger Than Statement Indicates.

The assets under administration increased during the year $13,744,521.13 and now aggregate $157,406,426.59. These are large figures and evidence public confidence in a striking manner. Large as these figures are, they do not tell the full story of the Company's activities nor of the volume of business carried on. For instance, the Company through its Corporate Trust Department acts as trustee under bond issues aggregating hundreds of millions of dollars. These trusteeships often call for the exercise of important discretionary powers. The same Department also has under its charge receiverships and liquidations where the assets run into very large figures. We act as custodian of property and trustee under scores of escrow transactions where the value of the property held on behalf of others is very large indeed. We also do an extensive business as transfer agent and registrar for the shares of companies whose combined capitalization amounts to hundreds of millions. The assets represented by these trusteeships are not included in the assets under administration as shown in the Balance Sheet, but must be kept in mind if we are to get a true perspective of the scope of the Company's operations.

Company is Increasing Capital.

It is because of the rapid growth of the Company's business that your Directors recently advised you of the decision to increase the capital stock from $2,250,000 to $3,000,000. It is the capital and reserves of a Company like ours which stand as an assurance to the public of our financial responsibility in connection with business entrusted to our care, and consequently it is but natural that the capital should be increased from time to time having regard to the development of the Company's business. The following table will be of interest to the Shareholders, as it illustrates progress over the period of the last twenty years in intervals five years apart:

1906 Assets under Administration			$12,289,057.73
1911	"	"	28,244,611.47
1916	"	"	69,197,054.61
1921	"	"	102,812,549.78
1926	"	"	157,406,426.59

How Deposits and Guaranteed Funds are Invested.

Let me briefly call to your attention one or two outstanding features of the balance sheet. You will observe that our deposits again show a substantial increase, as do also the moneys left with us under our guaranteed trust certificates. Together these amount to $11,650,140.66, or an increase of $1,400,923.01 during the year. As you are aware, the law restricts trust companies in the investment of their deposits and other guaranteed trust funds to securitie in which trustees are authorized to invest. I should therefore like to point out that of the $11,650,140.66 representing savings deposits and moneys received from the public on our guaranteed trust certificates $7,851,062.68, or 67.39 per cent., is invested in first mortgages on real estate; $3,091,992.21, or 26.54 per cent., in Government and municipal bonds or loans theron; and $707,085.77, or 6.07 per cent., is cash on hand or in chartered banks. The mortgages referred to have been selected with the greatest care and the investments in Government and municipal bonds are all first class and have a present market value greater than that at which we carry them in the balance sheet now before you.

Liquid Position a Feature.

Just a word to call your attention to the strong liquid position of the company. It will be observed that we hold on capital and guaranteed trust account liquid securities amounting to $5,156,083.24, which is equal to 77.17 per cent. of our total deposits.

There is one other item in the balance sheet which calls for more than passing comment. It is the real estate held for sale under mortgage foreclosure, amounting to $332,254.09. This is an increase of $42,174.15 over the figures shown a year ago. With few exceptions these mortgage foreclosures have been upon properties in the West and mainly upon farm properties. However, we have written down our claims against them substantially and feel sure that the properties will ultimately be sold for amounts more than the figures shown in the balance sheet. That we have made ample provision for possible losses I can confidently assure the shareholders.

Canada Has Surmounted Difficulties.

It is now generally recognized that while Canada still has important problems which await solution she has largely overcome the economic and financial difficulties which set up shortly after the close of the war. We are once more sailing under clearer skies and in calmer waters. The outlook is encouraging and hopeful. Since the fall of 1921 when the prices of agricultural products dropped sharply and ushered in a period of anxiety, we have found ourselves occupied not a little with those complaints and criticisms of ourselves and one another which are prone in the human mind to be the fruit of anxiety. Being caught in a tight pinch, as other countries were caught, we naturally perhaps not only became disappointed, but at times impatient and fault-finding. This attitude was not confined to any particular class amongst us. but was possessed more or less by all. At times one even wondered whether we had lost faith in ourselves—in the courage and constructive ability which were such outstanding qualities in our Canadian forefathers. We were led no doubt to overstate our difficulties. With Canada's enormous natural resources awaiting but the application of the intelligence and industry of her sons, our country in reality faced no such difficulties as confronted most other countries. We have now come through a difficult period by dint of our own hard work, thrift and constructive initiative. In other words, while we have not hesitated during the last six years to make our complaints and criticisms vocal, Canada has at the same time been exercising the supreme qualities of courage and perseverance. Again it is true that difficulties sharpen the wits and bring forth the best in a nation.

Again on Road to Prosperity.

During the last month annual meetings of many banks and other financial institutions have been held and speakers thereat have passed in review the constructive things we have been doing in Canada in recent years which have so materially assisted the country in compassing its problems. Attention has been called to the great strides which have been made in the development of our water-powers, our pulp and paper industries, our mining industries, and to the intensive study and work done in agriculture and in industry. For me to elaborate on these points would be unnecessary repetition. I shall therefore this morning content myself with a mere reiteration of the belief that our country is once more on the high road to prosperity and that we may look forward to the future with increasing confidence. This year we celebrate the sixtieth anniversary of Canadian Confederation. In looking back over the last sixty years Canada may well feel a pride in her achievement. Great as that achievement has been, we are, I believe, as yet only upon the threshold of our country's possibilities, and it remains for us but to be true to our heritage to make the progress in the next sixty years even greater than that in the past.

National Trust Company

Limited

Balance Sheet, 31st December, 1926

ASSETS

Capital Account:			
Office Premises and Safe Deposit Vaults at Toronto, Montreal, Hamilton, Winnipeg, Saskatoon and Edmonton		$ 550,000.00	
Real Estate held for sale under mortgage foreclosure		332,254.09	
Rents due and accrued		4,374.83	
Mortgages:			
Principal	$2,353,329.55		
Interest due and accrued	92,173.24		
		$2,445,502.79	
Loans on Stocks and Bonds		505,727.06	
Securities:			
Dominion of Canada and Provinces of Canada	$ 57,978.70		
Canadian Municipalities and School District Debentures	49,130.43		
Other Bonds, Debentures and Debenture Stocks	116,919.20		
Interest accrued	2,544.64		
		$ 226,572.97	
Stocks		288,001.88	
Cash in Chartered Banks		274,547.44	
Cash on Hand		62,155.91	
Advances to Estates and Trusts		131,089.81	
			$4,820,226.78
Guaranteed Trust Account:			
Mortgages:			
Principal	$7,592,823.53		
Interest due and accrued	258,239.15		
		$7,851,062.68	
Loans on Government and Municipal Bonds		412,100.00	
Securities:			
Dominion of Canada and Provinces of Canada	$1,221,366.88		
Canadian Municipalities and School District Debentures	1,429,716.01		
Interest accrued	28,809.32		
		$2,679,892.21	
Cash in Chartered Banks		593,543.30	
Cash on Hand		113,542.47	
			$ 11,650,140.66
Estates, Trusts and Agency Account:			
Funds and Investments		$140,936,059.15	
			$140,936,059.15
			$157,406,426.59

LIABILITIES

Capital Account:			
Capital Stock, subscribed and fully paid	$2,250,000.00		
Reserve Fund	2,250,000.00		
		$4,500,000.00	
Dividends Declared and Unpaid (Dividend No. 108 due Jan. 3, 1927)		67,500.00	
Mortgages in Process of Completion		34,043.99	
Reserve for Balance Dominion Income War Tax		31,791.43	
Profit and Loss		186,891.36	
			$ 4,820,226.78
Guaranteed Trust Account:			
Trust Funds for Investment		$4,968,892.65	
Trust Deposits		6,681,248.01	
			$ 11,650,140.66
Estates, Trusts and Agency Account:			
Estates, Trusts and Agency Account		$140,936,059.15	
			140,936,059.15
			$157,406,426.59

NOTE—The assets under administration shown above do not include assets running into large figures which the Company is administering as Liquidator or Receiver under the direction of the Courts of various Provinces of the Dominion.

PROFIT AND LOSS ACCOUNT

For Year ending 31st December, 1926

Balance 31st December, 1925	$167,266.72
Net Profits for the year after deducting cost of Management, Directors' and Auditors' Fees, Contingencies, etc.	402,647.32
	$569,914.04
Appropriated as follows:	
Quarterly Dividends: Nos. 105 to 108, inclusive, at the rate of 12% per annum	$270,000.00
To create a fund to enable the Company to carry its own Fidelity and Indemnity Insurance	50,000.00
To provide for Dominion, Provincial and Municipal Taxes other than taxes on Real Estate	63,022.68
Balance Carried Forward	186,891.36
	$569,914.04

Board of Directors:

President: Sir Joseph Flavelle, Bart.

Vice-Presidents: E. R. Wood, W. E. Rundle, Herbert C. Cox

Hon. Sir Edward Kemp, K.C.M.G.
H. H. Fudger
H. B. Walker
J. H. Plummer, D.C.L.
Hon. F. H. Phippen, K.C
H. J. Fuller
W. M. Birks
E. M. Saunders
Sir John Aird
James Ryrie
Rt. Hon. Sir Thomas White, K.C.M.G.
Harrington E. Walker
Miller Lash, K.C.
A. McT. Campbell

Kenneth MacKenzie
George W. Allan, K.C.
Edward FitzGerald
Leighton McCarthy, K.C.
Carl Riordon
George W. McLaughlin
W. H. McWilliams
W. G. Morrow
Cyrus A. Birge
F. F. Dalley
Thomas C. Haslett, K.C.
D'Arcy Martin, K.C.
C. S. Wilcox
Walter Molson
Lt.-Col. William Leggat, M.C.

Canadian Mining News

THE FINANCIAL POST

Vol. XXI. PUBLICATION OFFICE: TORONTO, FEBRUARY 4, 1927 No. 5

HUGE INCREASE IN GOLD MINES TONNAGE COMING

Mills Should Treat Over 4,000,000 Tons During This Year

SEVERAL NEW MILLS

New Plants Are Being Constructed and Others Are Getting Ready for Production

A great many increases will make their presence known on the tonnage of ore handled by Northern Ontario gold mines, and as a result it is likely that well over 4,000,000 tons of ore will be treated. Even with this increase, two big jumps are still to come, Hollinger and McIntyre.

It is quite likely, though not altogether certain, that Hollinger will reach 8,000 tons daily late this year. The figures for the first nine months of 1926 indicate an average of slightly under 5,500 tons per day. The tonnage during the year varied from around 5,000 to 6,000, due to construction work and new installation. The expansion in McIntyre's mill will not come until 1928.

Leaving the two big operators out of the calculation it would look as if the two areas, Porcupine and Kirkland Lake, will travel along about even. Three new mills got under way in Porcupine in the latter part of the year, and these, with the doubling of Vipond's mill, should add materially to the 1927 Porcupine tonnage.

Kirkland Lake has had an important addition, Kirkland Lake Gold, which operated a part of the time in 1926, and this month will likely see the new Teck-Hughes mill going.

Lake Shore, Wright-Hargreaves and Tough-Oakes, have each added materially to their tonnage since Jan., 1926. Argonaut has also stepped up its production, and in March the new mill on Sylvanite should start on ore. It will soon work up to 200 tons daily.

Two New Mills

Gold Hill and Blue Quartz are two mills that will be built in the district this year. Plans are being prepared for a 100 ton mill for Gold Hill, and Blue Quartz will erect a 200 ton mill, start milling about 100 tons and gradually work up.

There are other possibilities. Lake Shore tonnage is certain to go higher. Tough-Oakes, if its luck continues, will expand. Bennett Co., at Sesekinika, may talk about a mill in the spring, while Ankerite-Porcupine will be treating 1,000 tons toward the end of the year. Night Hawk continues a disappointment. Coniaurum should soon be talking mill, and the end of the year may see something doing on the Harker Lightning River.

Milling figures in tons for 1925, nine months of 1926 and a rough estimate of 1927 follow:

	1925 actual Tonnage	1926 9 mos.	1927 Estimate
C. W. Dome ..	35,278	28,105	37,100
Dome	530,200	413,500	550,800
Hollinger .. .	1,929,988	1,442,569	1,953,000
McIntyre . ..	419,640	367,123	490,000
N. H. Pen. ...	39,778	21,604	......
Vipond	61,294	55,092	88,000
Argonaut .. .	28,516	26,769	48,000
B. Hollinger .	8,136	x3,000	40,000
Lake Shore ..	104,765	102,334	156,445
Teck-Hughes .	55,220	65,660	162,574
T. O. Burns'de	34,512	30,497	40,667
W. Hargreaves	147,939	112,358	155,477
Paymaster . .	....	15,442	90,000
Ankerite .. .	......	9,312	45,000
March	....	....	6,000
Kirk. Gold . .	....	....	45,000
Gold Hill	....	....	4,500
Blue Quartz. .	....	....	5,000
Coniaurum . .	....	....	....
Sylvanite . . .	....	....	60,000
Telluride	....	....	....
Pioneer	....	....	....
	3,399,000	2,713,000	4,197,563

To Work Big Lead Mine in Newfoundland

From Our Own Correspondent.

SYDNEY. — The Newfoundland iron mining boom shows no signs of a let up. J. E. McLurg, vice-president of Besco, who recently visited Wabana states that the four mines on Bell Island will be worked at capacity from now until next November to fill orders on hand for the Europeans and other trades. Twelve hundred men are at present employed and this number will be considerably increased in the spring.

Silver Near 60 cent Mark

Speculators Believe Indian Legislature Won't Change Situation

Silver got within a fraction of 60 cents this week. The explanation would seem to be that buying orders from China and India exceeded the selling orders from the same source. It is believed also that speculation was an important factor. The Indian legislature is in session and should soon give attention to the currency commission report. It is evident from the buying that some speculators incline to the belief that the legislature will not look kindly on the proposals to put the country on a gold basis.

Silver around 60 cents puts silver mining in Northern Ontario back on an attractive basis, as at this level the great bulk of the operators can show a nice profit, while it will add materially to the margin of the high-grade producers.

REAL NEWS NEEDED FOR QUEBEC REVIVAL

Public Soured by Area-Amulet Situation—Hollinger Proves Market Leader

Hollinger Gold Mines provided the mining market leadership this week, advancing to a new high of $22.65, and then easing back to $22.40. No explanation of the rise is available. It is doubtless due to steady accumulation that has been going on. Hollinger's position, as The Post recently pointed out, is a decidedly strong one, and the public is coming to realize this. Many are expecting that the coming annual meeting may see some steps taken to distribute to shareholders, some of the huge surpluses which the company has, and which have been variously estimated at around $11,000,000 to $12,000,000.

Lake Shore and McIntyre have shown added strength and there has been a noticeable tightening in Quebec issues. There has been a heavy accumulation going on around the present levels, and stocks are said to be none too plentiful now.

Many are talking about a comeback in the Quebec issues. One seems sure to come, but it must await the arrival of real news. The Area-Amulet situation soured the public, and only news of real discoveries will again attract. For this reason companies now having electrical surveys made, say they will withhold all facts until they diamond drill.

Spectacular Showing on Thompson is 5-ft. Wide

Thompson-Cadillac Mines, Cadillac Tp., northern Quebec, is drifting on the 50-ft. level on the rich vein opened up in the shaft. Further spectacular gold showings have been encountered and a bay of extremely rich ore, running many thousands of dollars to the ton, has been sent to Toronto. Coarse yellow free gold, shot through white and blue quartz, makes a rather attractive spectacle. It is understood that the ore runs over a width of 5 ft. and continues most encouraging.

Gold Production Increase 1926 of North Ontario Below Million

Porcupine Shows Falling Off That Has Been Indicated for Months Past — Kirkland Output Has Increased Steadily

The following monthly figures showing the output of gold mines as reported by producing companies to the Ontario Department of Mines, while very close to the actual production are subject to revision. The output figures for the twelve months are cumulative approximations for 1926, while those for the calendar year 1925 are finally revised. Gross output for 1926 shows an advance of $874,072 over 1925. The values shown include the silver contained in the crude gold bullion marketed. For 1925 the value of the silver was $172,430, or an average of $14,369 per month.

	—December—		—Calendar Year—	
	1926	1925	1926 Cumul'e.	1925 Fin. Revised
Porcupine tons	273,527	249,874	3,181,659	3,016,178
Value	$1,960,936	$2 171,828	$23,971,452	$24,886,615
Kirkland Lake, tons	52,853	34,880	513,324	383,285
Value	$ 718,407	511,498	$ 7,193,498	$ 5,403,289
Miscellaneous, tons	......	....	464	131
Value	....	....	$ 4,667	$ 5,641
Total, tons	326,380	284,754	3 696,447	3,399,544
Total value	$2 679,843	$2 683 326	$31,169,617	$30,295,545

Monthly Record of Output For 1925-1926
(Subject to Revision)

	——1925——		——1926——	
Month—	Porcupine	Kirk. Lake	Porcupine	Kirk. Lake
Jan.-Sept.	$18,489,943	$ 4,029,951	$18,019,550	$ 5,207,129
October	1,893,631	459,674	2,081,231	634,254
November	1,874,809	459,353	1,909,735	633 708
December	2,171,828	511,498	1,960,936	718,107

During December producing mines in order of output were as follows:—

Porcupine (7)—Hollinger, Dome, McIntyre, Vipond, Ankerite, West Dome Lake and Paymaster.

Kirkland Lake (7)—Lake Shore, Wright-Hargreaves Teck-Hughes, Kirk. Lake Gold, Tough-Oakes, Burnside, Barry-Hollinger, and Argonaut.

Mined 88,714,728,000 ozs. of Ore to Extract 1,478,579 ozs. Gold and Threw Away Balance

Interesting Figures Relating to Production of Gold in Northern Ontario in 1926—Ounce of Gold Out of Every 60,000 ozs. of Ore

Northern Ontario gold mines in 1926 handled 3,696,447 tons of ore to produce $31,169,617. There is a tremendous story behind the production of such a tonnage. The mines do not want all this rock, they only want the gold that is hidden in it and in most cases not visible to the naked eye. It is necessary, however, to raise the whole tonnage to surface for treatment so that the gold could be extracted, and after going through crushing and various treatments, and finally into the refinery, where 1,478,579 ounces of gold ultimately comes out in gold brick form. Thus out of 3,696,447 tons or 88,714,728,000 ounces of rock, figuring 12 ounces to the pound, there are extracted 1,478,579 ounces and 88,713,249,421 ounces of rock, carried out of the mills in the form of slimes and of no value must be disposed of.

Here is a problem. This huge tonnage of valueless material, fine ground sand, must be disposed of. Back-filling, that is, turning it back into the huge holes gouged out of the rock underground, by using this waste, has not been attempted in Northern Ontario as yet.

Does McIntyre Suffer from Having too Rich a Neighbor?

Hollinger Seems to Get All the Glory While McIntyre Plods Along

RESERVES A FACTOR

Last Total Was $13,000,000 But this Could be Rapidly Increased

"The growth of McIntyre-Porcupine Mines has never received the publicity it rightly deserves," is the statement made by A. L. Hudson & Co., Toronto, in a letter to clients. They go on to add that they are convinced that the general public does not realize the financial strength or potential wealth of this outstanding industry.

It has been a matter of wonder to many that McIntyre practically stood still with a market valuation of around $20,000,000, while the leading Kirkland Lake Mines gradually worked up to and passed it. To-day, Lake Shore, Teck-Hughes and Wright-Hargreaves are all selling on a materially higher basis than McIntyre. Ore reserves are undoubtedly a factor. The last figures made public were around $13,000,000. In this regard the remark of an authority on Hollinger recently that it didn't matter whether the ore reserves were $70,000,000 or $170,000,000, hardly applies to McIntyre, as there is not the general knowledge of McIntyre's size abroad that there is of Hollinger. The fact seems to be that McIntyre suffers from having too big a neighbor. Hollinger is generally always referred to as the biggest mine in the world. This is hardly a fact, but the public accept the statement and repeat it.

Have Same Acreage

McIntyre which also has 17 claims enbloc, cannot boast of near as many veins as Hollinger, but can boast of a generally richer ore. That is the average of McIntyre millheads has been higher than Hollinger. On the other hand, when McIntyre jumps its tonnage to 3,000 or 4,000 tons daily, its millheads will undoubtedly shrink to about the present Hollinger level. Thus wiping out this alleged advantage.

McIntyre management has never enticed the public along by going out of its way to emphasize the mine's possibilities. McIntyre's ore reserves at the time of the last report may have truly been $13,040,000, because a great deal of known ore on the deeper levels was not quite all blocked out. On the other hand, this ore really stood as a liability as heavy development charges had piled up against it while all the dead work had been done. The pushing ahead of the necessary dead work on deep levels has put the mine in a position where sensational increases in reserves could be made very quickly. Another fact about the McIntyre is that while the company has shown excellent earnings, there is a great deal of money invested that is shown on the books at a nominal figure, whereas the actual asset is many times greater. The Blue Diamond Coal operation has hurt a great deal more than if the actual investment had been wiped out. Had it proven a winner it would have been fine, but now it is carried as a question mark against the soundness of the McIntyre board.

McIntyre's Future

The Hudson letter does not advance any views on this seeming lack of appreciation of McIntyre possibilities, but deals interestingly with its future. It says:

For some unaccountable reason, the growth of McIntyre has never received the publicity it rightly deserves, and from observation, we are convinced that the general public to-day do not fully realize the financial strength or potential wealth of this outstanding industry. Developments that in other properties would have been heralded with great publicity, have appeared only as most casual announcements, so much so, that the average person has viewed McIntyre's growth without enthusiasm and failed to realize its significance.

Let us review the facts. Since 1914, the history of McIntyre has been one of uninterrupted progress and profitable operations. Under wise management, it has risen to a most enviable position financially, and to-day stands on the threshold of an era of rapid development and increased prosperity.

New Shaft Nearly Ready

During the past few years, due to the lack of adequate hoisting facilities, production figures have shown but slight increases. This condition should now be rapidly remedied as the huge 4,000 foot 6-compartment shaft, with a hoisting speed of 3,000 feet a minute is just about completed. Once this shaft is in operation, McIntyre will be enabled to double or treble its output. Already evidence at the mine reflects the general plan to prepare McIntyre for a scale of operations which will eclipse present capacity by a goodly margin, and 3,000 tons a day is confidently looked for in the near future. 3,000 tons a day would mean approximately 940,000 tons per year, with a gross value of about $8,200,000 which would yield, judging from their last financial statement, a net profit of almost $3,875,000.

As McIntyre is now paying $800,000 per year to its shareholders out of a profit of $1,721,382, the company should be in an excellent position to distribute in the neighborhood of $2,400,000, or three times the present rate—with the marked increase in its earnings. Again, let us examine the values behind the stock. As shown in their Annual Report dated June 30th, 1926, the Company has cash, war bonds, liquid assets and investments totaling $2,934,299, with a reserve of $2,645,376 and surplus of $3,176,805.

Ore Reserves

Actual ore blocked out amounts to 1,443,111 tons with an average grade of $9 or total value of $13,040,000. This may not seem large at first, but its significance is appreciated when you consider that with the old shaft, ore bodies could not be blocked out very far ahead of production. Since the last report was issued a large high-grade vein has been encountered in the new shaft and extensive ore bodies located on the Plenaurum at the 2,875 foot level. This would indicate that the rich mineral belt, in all probability, extends the full length of the property, and further confirmation may be found in the fact that the Coniaurum working to the East has developed much profitable ore.

Just what does all this point to? Increased ore reserves! That's the point we wish to stress. Once the new shaft is completed and the ore bodies encountered on the 4,000 foot level, an enormous tonnage should at once be proven. This, added to its present reserves, will place McIntyre in a most enviable position as a sound and safe investment. McIntyre has the cash reserve to increase their milling capacity at any time, and that will be done just as rapidly as underground developments warrant it.

How Market Values Leading Gold Mines

Mine	Mkt. Price	Market Value
Hollinger	20	98,400,000
McIntyre	25	19,950,000
Lake Shore	18	36,000,000
T. Hughes	6	27,120,864
W. Hargreaves ...	10	27,500,000
Int. Nickel	..	77,521,344
Smelters	250	126,752,000

Electrical Survey for Two Stadacona Groups

Shares of Stadacona mines, with immense holdings in Rouyn, Que., area are to be called for trading this week. There are 2,500,000 out of 5,000,000 no par value shares issued. A substantial sum of cash is in the treasury. Plans are being made for an electrical survey on two groups south of Noranda.

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Iron Mining Boom Gaining in Nfld.

From Our Own Correspondent.

SYDNEY. — Reports from Newfoundland indicate that between 2,000 and 3,000 men will be employed by the Anglo-Newfoundland Development Company next spring at Red Indian Lake and Millertown on the east coast of the Ancient Colony. The company proposes to build a dam to raise the water 16 feet, remove Millertown elsewhere, and develop power to work a lead mine said to be the second best of its kind in the world.

Premier Takes up 15 Claims

Portland Canal Operator Secures Attractive Marmot River Holdings

Premier Gold Mining Co., Portland Canal, B.C., has acquired a 52 per cent. interest in seven claims adjoining Porter-Idaho group in Marmot River section of the Portland Canal Corp. A cash payment of $20,000 has been made, and the balance, $125,000, is payable in three years. The property is known as the Prosperity, and some time ago 300 tons of ore shipped to Trail netted $6,500. F. R. and L. E. Jancowski, E. Watland, G. D. Davis and Geo. Mehlifeld are the owners. The Porter-Idaho has been a speculator producer. Premier had already acquired eight claims adjoining, including Melvin group of five claims owned by N. H. Stevens, Hyder, optioned for $60,000. Owney McFadden, Stewart; Geo. Brown, Vancouver, and Eli Watland, Stewart, optioned one claim each for $20,000.

KEELEY DIVIDENDS EQUAL TO CAPITAL

Recent Declaration of Directors Brings Total Payment Up to $2,000,000

Keeley Silver Mines, in declaring the usual 8 per cent. dividend and bonus of 4 per cent, to shareholders, brings its total distribution up to the level of its authorized capitalization, $2,000,000.

The company since going on a dividend basis has paid 24 per cent. per year, distributions being made half yearly. Each payment involves $240,000.

Keeley's first payments were in 1923, when $320,000 was distributed, and in 1924, 1925 and 1926, $480,000 was paid. The recent declaration of $240,000 is for the first half of 1927.

Meanwhile Keeley has had many ups and downs, but it has gone steadily on with an even production of around 125,000 ounces of silver monthly. Ore reserves have fluctuated, sometimes materially, but Dr. MacIntosh Bell seems to have always been able to keep well ahead of the mill. Of late the reserves have been materially increased because of developments to the west of the Woods fault.

Waited 25 Years for This News, Says Soo of Pioneer Mill Plan

Sault Ste. Marie Star says the announcement that plans were under way to build a mill for Pioneer Mines at Michipocoten is the big news they have been waiting for for 25 years. They say it's terrific news for Algoma. A pronounced activity is expected to result. It is understood that Pioneer will locate the mill to serve two properties, the Minto and Jubilee, and may start with 150 tons daily. The Minto is a proven property and, by the time the mill is ready, the 220 and 320-ft. levels will be opened to the same extent as the 120-ft. level. The ore runs $10 to $12 over stoping width. Diamond drilling on the Jubilee is going ahead now.

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MINE SHARES ARE TO-DAY CONSIDERED GOOD INVESTMENTS

Some Leading Issues Compare Favorably With Best Industrials

NOT ALL GAMBLES

Education Brings About the Change and Better Appreciation of Mine Share Possibilities

To the average person not engaged directly or in a personal way in the employment of funds, the difference between an investment, speculation or gamble, means little. They are all investments. Numerous inquiries to The Financial Post indicate this. Some will ask if some "penny" mining stock is a safe investment. Few use the word speculation, and it is rare that it is suggested that the issue in question may be a gamble.

The other extreme is the hard-headed bond buyer, who quite loudly declares that there is no such a thing as an investment in mining stocks. They are all speculative in his eyes, and the great bulk of them are gambles or wild cats.

Change Taking Place

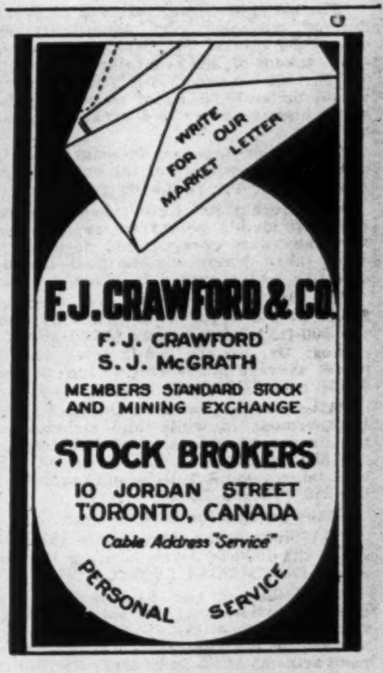
Education is gradually overcoming both these fallacies. It is coming to be recognized among financial leaders that some of the Canadian mining stocks are to-day in the investment class. In addition to the soundness of their position the majority of them have appreciative speculative possibilities. In this regard these stocks have two attractive outlooks. One is the larger dividend possibilities and the other added increment.

Just recently William Wrigley was quoted as telling George Young, the Toronto swimmer who mastered the Catalina channel, not to invest his money in mining stocks. The implication was that he would lose. In this case it would seem that Mr. Wrigley used the wrong word to express his view when he said "don't invest."

An Interesting Question

Wrigley is a mine owner, and Engineering and Mining Journal, New York, says it would be interesting to know if he considered the first $1,000 he put in the chewing-gum business was less of a speculation than the first $1,000 he put into a mine. This paper divided mining stocks into three classes. In the lowest it placed the more or less fraudulent promotions which no one should buy for their present or prospectively inherent value. In the second class would be included the vast majority of speculative mining stocks of com-

(Continued on page 34)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BLUE QUARTZ TO BUILD 200 TON MILL THIS YEAR

Tests Being Made of Ore at Ottawa to Determine Treatment

Plans are under way for a 200-ton mill for Blue Quartz Gold Mines, Painkiller Lake area, northern Ontario. Their completion and the start of construction is awaiting the result of tests being made at Ottawa to determine the best way of treating the ore. The mill is expected to start with an initial tonnage of 100 daily and gradually work up to capacity.

These facts are given shareholders in a report of Manager N. O. Carpenter covering operations on the property to the end of 1926. The report reveals some interesting details in regard the opening up of the mine, developments having been carried to a depth of 750-ft. The main vein has been cut at this horizon since the report was issued and shows a width of 9 ft.

Ore Reserves Shown

Ore reserves on three levels and from development are estimated at 25,917 tons of $15 average value or $388,755. Improvement in values at deeper levels is indicated by the work to date. No assays are available on the 750-ft. level as yet but the vein is said to look, if anything, better than on the 625-ft. level. Great lengths are indicated for the ore shoots. The fifth level is an example. The east drift is 275-ft. long with ore under $8 and the west drift 287-ft. with values over $8. A summary of the vein system is given as follows:

No. of Vein	Length of Ore Shoot Veins over $8.00	Length of Ore Shoot Veins under $8.00
201-N.	145 ft.	
201-S.	52 ft.	
501-N.		200 ft.
502-E.		275 ft.
502-W.	287 ft.	
503-E.		43 ft.
602-W.	160 ft.	
602-E.	4 ft.	

The figures do not indicate the end of the ore shoots as except in two cases the faces are said to be still in ore. Commenting on the values, the manager says:

"These figures do not indicate the end of the ore shoots, as, with the exception of veins 201-N. and 502-W., all the faces of the drifts are in ore.

"It will be noticed that the downward extension of vein 502-E., namely 602-E., has been located on the 600-ft. horizon, and that its values have improved from under the $8.00 value to over the $8.00 value: (the last assays gave $15.60 over 30 inches, $9.36 over 60 inches).

"This improvement is most gratifying, as it shows that with depth this section of the vein has improved in width and richness, which fact induces us to expect that other veins located on the 500-ft. horizon will likewise improve, thus rapidly increasing ore reserves."

Discussing the ore reserves the manager gives figures which show good values over good widths.

Summary of Ore Reserves

Vein No.	Tons
201-N.	4,047
502-W.	5,200
602-W.	15,350
Ore broken during development	1,320
Total Ore Reserves	25,917 Tons
Value per ton, $15.00	$388,755.00

"The estimate of ore reserves has been derived entirely from veins carrying over $8.00 values. No consideration has been taken of ore contained in veins 501-N., 502-E. and 503-E., which carry values under $8.00, all of which may develop higher values and greater widths at depth.

"$15.00 per ton can be considered a conservative estimate of the value of ore reserves, for the following reasons:

"(1) Precautions were taken to eliminate all visible gold from samples before they were assayed, and no samples were taken where visible gold in any quantity was observed in place.

"(2) Ore on the 200-ft. level averages $16.00 over a width of 48 inches; Ore on the 500-ft. level averages $16.00 over 54 inches; Ore on the 600-ft level will in places average $15.00 over 96 inches, and $20.00 over 72 inches.

"Attention is drawn to the gratifying improvement in width and richness of the downward extension of 502 vein on the 625 horizon, and it is expected that this improvement will be maintained on the 750, 875 and 1,000-ft. levels.

"The program for 1927 consists of:

"(1) Sinking the winze from the 750-ft. to the 1000-ft. level, locating the ore on the 750, 875 and 1,000-ft levels;

"(2) Enlarging the Main Shaft from a two-compartment to a three-compartment shaft, from the 200-ft. level to the surface (at the present time it is a three-compartment shaft only from the 200-ft. level to the 500-ft. level);

"(3) Sinking the main shaft to the 1000-ft. level, connecting the ore bodies located by the winze to the main shaft by means of crosscut.

"A mill with a capacity of 100 to 200 tons per day is being designed; tests are being made by the Dominion Government at Ottawa to determine the best method for treating the ore. As soon as these details are received the flowsheet will be prepared, and orders for the crushing and grinding units will be placed in January.

"It is hoped to begin the building and installation of the mill in the spring.

"During the building of the mill, stopes will be prepared on the 100, 200, 500 and 625-ft. levels, ready for stoping operations.

"The winze from the 500-ft. level to the 625-ft. level was de-watered, a station 14 x 20 x 18 ft. was cut at the 625-ft. level, a new cage was installed to facilitate handling of rock from the 625-ft. level, and a new 8¼ x 10 Lidgerwood hoist was erected on the 500-ft. level for sinking purposes.

Amity Copper Operation Near Boston Creek Stn.

J. W. Solloway, Solloway Mills & Co., Toronto, announces another new Ontario-Quebec operation, Amity Copper-Gold Mines, capital $3,000,000. The company has two groups of property—a copper [illegible] Boston Creek, on which a f[illegible] success h[illegible] met wit[illegible] [illegible]ining the Arntfiel[illegible]

"Smelters" Bids Against Labor Turnover

A bonus of $12.50 was paid by the Consolidated M & S Co., Trail, to all single employees who had been with the company six months, and $25 to those who had been with the company one year. Married employees received $25 and $50 respectively.

BARRY HOLLINGER TO STEP UP MILL TO 200 TONS DAY

Long Crosscuts Being Run to Open Up Mine on 1,000-ft. Level

Rather interesting developments are expected from the cross-cutting now going on at Barry Hollinger mine, Boston Creek, on the 1,000-ft. level. Work on the upper levels has been confined to the known ore zones to the south but on the 1,000-ft. level veins Nos. 1 and 4, opened on surface, north of the shaft, will be crosscut. Vein No. 1 provided the most spectacular surface showing on the property, being shot with visible gold. It was about 2 ft. wide. No. 4 vein is strong with moderate values.

The cross-cut to the south also has big possibilities. Vein 803 is looked for at about 175 ft. from the shaft. This was a blind vein encountered on the 800-ft. level and not found above. It is a strong quartz vein and assays up to $8.

Other Blind Veins

Two other new finds on the 800-ft. level are expected to show improvement on the 1,000-ft. level. Vein No. 7 which has given high values on all levels should be cut by the south crosscut 390 ft. from the shaft. Pres. H. C. Craw says that recent samples from a stope on this vein on the 800-ft. level for 14 channels, average width 62 inches show average values of $10.80 after adjusting all the high erratic assays. Even more attractive are the stope assays of 605, 36 samples over an average width of 54 inches give $20.04. Stope 307, 14 samples, average width 49 inches, average value $20.25.

The new electric hoist is now operating and is capable of taking care of the mill requirements and handling all waste with ease. Barry Hollinger will increase its milling capacity by the addition of a thickener and agitator and a new gyratory crusher. This will step the mill up to 200 tons a day and will be ready by the time the 1,000-ft level is opened up.

West Kootenay Operation Has Excellent Showing

Bullock Gold Mines, operating in West Kootenay, B.C., has just issued its annual report. Rather an interesting description of the ore occurances and veins is given shareholders, the technical points being explained so that laymen can understand them. It says:

"The country rock is a schist with considerable shearing. On the Bullock the schist is cut by a great number of quartz fissures varying in width from 8 inches to 8 feet. In one place a series of them cover a width of over 20 feet. This is designated as Stock work. The whole surface mass contains galena and pyrites, and from this some wonderful specimens of gold have been taken. Most of these fissure veins can be traced through the whole property, a distance of 7,200 feet. All the veins are highly mineralized, oxidized and more or less broken up. The quartz in these veins is termed Ribbon quartz, which means that the stratification is 45 degrees across the vein, instead of running with the vein, which also implies that these veins are the very best and genuine gold quartz veins. Of the 9 veins exposed all have shown free gold.

One is impressed with the strength of these veins, not alone by their width, but by the distance which they can be traced as well. This means that there has been considerable action on the whole hill. One vein especially shows great strength and would cut all veins to the east.

The property is covered well with excellent timber and there is an ample supply of splendid water for domestic and other purposes. A creek a half mile distant flows at least 100 second feet and has a fall of over 200 feet in half mile. This would furnish sufficient power for any and all requirements.

The total elevation is 3,400 feet at the camp, making 1,200 feet above the level of the valley at the camp.

The development consists of six tunnels, all crosscutting to the veins.

Then follows detailed information on each tunnel and the different veins encountered. In addition much open cut work has been done on surface. The mine is well equipped. Owing to forest fires, summer operations were badly interfered with, says R. H. Graves, secretary-treasurer. Work got under full swing since first of year.

Placer Leases Examined by English Operators

Porcupine Goldfields Development and Finance may take up placer operations in British Columbia. Leases on Otter Creek owned by a French concern, Mines d'Otter Creek, which have been operated several seasons, have been examined. Henry Maluin has been coming from France every spring for some years, spending the summer in Atlin superintending operations, and in the early winter returns to France for a few months.

Mines d'Otter Creek have been operating under his supervision for several years, but only within the past year or two have there been returns. A channel, probably a mile long, was sluiced from Surprise Lake to the face. In that work there was little return with the exception of a couple of small flat benches, but indications of pay were found, and in 1922 $20,000 was [illegible] The company did an immense amount of work to [illegible]t to [illegible] on.

CAMPBELL WORTH 10 CENTS OUNCE TO CASTLE PEOPLE

Wide Experience With the O'Brien Will Help New Gowganda Manager

"He's worth 10 cents an ounce to Castle."

Thus remarked a prominent Northern mine manager in discussing the appointment of Angus J. Campbell to the position of manager of Castle Tretheway Mine, Gowganda. He succeeds Horace Young, who resigned to take over the mangement of Harvey Gold Mines, Red Lake.

Gowganda mining operations are difficult. The ore occurances are irregular and tricky. Experience is about the one great guide. This makes Angus Campbell a valuable Castle man as he knows Gowganda. He has for many years been the right hand man of Manager John Dickenson, O'Brien Mines, Cobalt. The Miller Lake O'Brien Mine, Gowganda, adjoining the Castle, has provided numerous geological and mining problems. Mr. Campbell played a big part in their successful solution.

Mr. Campbell graduated from Pondview Academy, Stayner, taught school at Bradford, where indirectly he met his wife, and later graduated from S. P. S., Toronto. He only held one mining job, with the O'Brien people, though his engineering experience covers a wide area and numerous properties in Ontario and Quebec.

Mr. Campbell was the foremost mover in organizing the N.O.H.A., which supplied the north with a good brand of hockey, and has represented the N.O.H.A. on the O.H.A. executive for several years.

Mr. Campbell goes to the Castle with the mine looking attractive. Ore has been opened on eight levels, and a station cut on the 9th. Other plans to test out showings in the Keewatin have been under consideration for some time. Castle will likely enlarge its mill in the near future, if the rise in silver metal prices is maintained.

STARTS ELECTRICAL SURVEY

It is announced that Sherwin F. Kelly has started his electrical survey of Boischatel Mines holdings in Boischatel Tp., Quebec.

Corner of Four Tps. Has 9 Properties That Possess Merit

Another property in the rich Rouyn- Duprat- Boischatel- Dufresnay corner, reports officially spectacular copper discoveries. The rumored Corona find has been confirmed. This brings the number of interesting properties with finds of merit in this corner to nine. They include Vickers, Ribago, Corona, U.S. Smelters, Grover-Daley, McDougal Cassels while Area has its most interesting section between the latter two and Amulet joins it on the north.

MINE SHARES ARE TO-DAY CONSIDERED GOOD INVESTMENTS

(Continued from page 33)

panies that have a chance to make good. Some of them will make good in a big way; most of them will fail utterly. Such stocks are often worth buying, but they are not for the George Youngs; they are a fit speculation for only a small part of any one's funds and for those who know the chance they are taking and can afford it. In the third group are the established and well-managed mines, most of which have a good dividend record and assured ore reserves.

Risk Is Small

There is little if any more risk in buying these than in buying industrial stocks.

Hollinger, Consolidated Smelters, International Nickel, Lake Shore, will not endanger the funds of the small investor, no more than the better class industrial shares. The fact of the matter is that the market of smelters and nickel in the future is bound to be subject to the ups and downs of industry, as the depressing factor to be looked for in these issues is poor industrial conditions, while expanding industry means a wider market for their products and increased prosperity. The gold issues are not subject to such conditions and have no marketing problem.

Howey Financing Involves $1,650,000, Jack Hammell Tells Holders of Units

Howey Red Lake Syndicate is to distribute $2 per unit to unit holders on record Feb. 12. This involves $10,000 and leaves $2,124 in the syndicate treasury. J. E. Hammell, head of the syndicate, in a letter to unit holders, discusses the recent financing of Howey Gold Mines, and says that, as far as can been seen, the operation has been adequately financed for its present needs until the time comes to erect a mill. He adds:

"The financing as arranged, if carried through successfully to completion, should produce, together with the moneys already paid in to the company, a total of $1,650,000 which, it is estimated, is sufficient to completely finance the project. The syndicate now has on hand $12,124.11 and, if the financing above mentioned is successfully carried through to completion, there will be at least four hundred shares of the company to be exchanged for each unit outstanding.

"As a matter of protection to the financing of the company, the stock of the company held by the syndicate can be distributed only upon the completion of the financing, which may be on the 1st of January, 1928, and should be not later than the 1st of July, 1928."

DESTOR GETS ORE

MONTREAL.—It is reported that high-grade copper ore has been encountered in drilling No. 7 hole at Destor Mines. It is, however, the policy of the directors to withhold detailed information until the drilling programme is completed. This policy is considered to be in the best interests of the shareholders.

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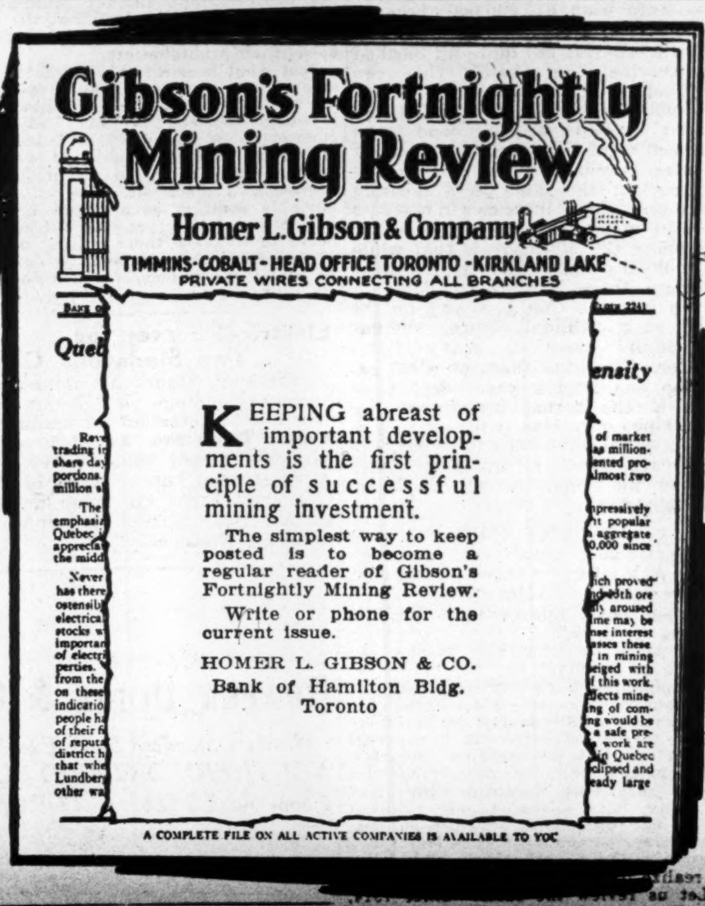
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PROFESSOR H. N. WINCHELL:
The following is an extract from report by Professor H. N. Winchell, former Geologist for the State of Minnesota, Re Grace:
"The writer was engaged by one of the Minneapolis Stockholders to make an examination of the mine and premises, and had his instructions to report to him for his personal information.
"I sampled the mine thoroughly and examined all the underground workings, the shaft and the drifts. I came to the conclusion that the mine was very valuable......The assays were made by Dean Appleby, of the Minnesota School of Mines. The average of all the assays made for me reached the sum of $47.67 ton in gold and the highest assay gave $332.00 per ton."
(Signed) H. N. WINCHELL.

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DECLINING GOLD OUTPUT MAY CUT WORLD PRICES

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GOLD USE SPREADS

Countries of World Gradually Getting Back to Yellow Standard and Reserves Jump

Since 1922 the nations of the world have been returning one by one to the gold standard as the basis of their monetary systems. The movement was definitely established in 1925 when Great Britain, the Netherlands, the Dutch East Indies, Australia, New Zealand and South Africa all adopted the gold basis in some form. This year six other countries have been added to the list—Belgium, Canada, Chile, Finland, Hungary and Switzerland.

The profound effects of this movement upon the world's gold supply are only beginning to be evident. The creation of adequate gold reserves and of a currency redeemable in gold increases the demand for the yellow metal. In the face of a declining gold production, the question of the stability of gold values becomes of very great importance. If there is a scarcity of gold to meet the world's needs, prices throughout the world will inevitably decline, says New York Trust Index.

Indian Situation

In September the Royal Commission on Indian Currency and Finance made public its recommendations for the stabilization of the Indian rupee on the basis of gold bullion. One of the chief considerations of the commission was the effect of this action upon the world's gold supply. The commission purposely avoided establishing the complete gold standard in India because if the note circulation had been redeemable in gold coin, it would create too great a demand for gold. The hoarding habits of the Indian peasant will be restrained by the fact that he can only redeem his rupees in standard gold bars. The commission stated:

> "It would be most imprudent not to take into account the possibility, indeed the probability, that unless great economy is exercised in the use of gold, both in regard to its use as a commodity and its use as money, we have to look forward to a prolonged period of steadily falling commodity prices throughout the world.
>
> "In this connection it is necessary to take account of the requirements of various European and other countries whose financial equilibrium has been disturbed to a greater or less extent in consequence of the war. These countries are now trying to climb back gradually to the gold standard or the gold exchange standard. This aim requires for its fulfilment that there should be a certain amount of free gold available each year. Though signs are not wanting of a spirit of co-operation among the central banks towards effecting considerable economies in the international use of gold, there can be no doubt that a large extra demand from India would cause increased competition for gold among the countries of the world and lead to a substantial curtailment of credit. In their reaction on India as one unit in the world's trade system, a fall in gold prices and a curtailment of credit would on balance be unfavorable.

Gold Circulation Limited

The commission's policy of not placing gold in circulation has been followed by most of the countries which are now on a gold basis. The only important countries now having a gold circulation are the United States, Switzerland, the Netherlands and the Union of South Africa. Even the notes of Great Britain are not redeemable in coin. Under this system it has not been necessary to maintain such a large gold reserve. But nevertheless, the reserves of the principal countries as a rule show an increase in 1926 over 1925 as will be seen by the attached table:

Consumption of the world's gold supply in millions of dollars follows*—

5-Year Average	Industrial Arts	India	China and Egypt	Avail. as money	World's Output
1909-1914	...121	96	6	247	470
1919	115	139	57	63	375
1920	110	17	15	235	346
1921	 75	3	11	272	340
1922	 85	133	6	103	327
1923	 85	100	5	135	387
1924	 80	262	9	55	400
1925	 80	135	..	135	400

*Figures prepared by Joseph Kitchin for the Harvard Economic Review.

As the gold standard prevails throughout the world, therefore, there is a slight increase in the amount of gold needed as a reserve. It is equally true that with the growth of trade there is an increase in currency requirements. For example, Professor R. A. Lehfeldt estimates that during the half century before the war, world trade increased at a rate of about 3 per cent. per annum. Despite the increased circulation of note issues, this called for an increase in the world's gold stock at a rate of about 2½ per cent. per annum.

During the war the rate of increase in the output of gold fell to 1.92 per cent., and in some of the post-war years there has been no increase at all. In 1924-1925 the rate of increase was only 2.25 per cent., and a 2 per cent. increase is the generally accepted estimate for the future. This would not be commensurate with the expected increase in trade.

Industrial Uses of Gold

The uses of gold are, however, twofold; in addition to the monetary demand, there is a very large consumption in industrial arts. This has remained fairly constant since 1914. A considerable amount of gold, also, has gone into India, and to a lesser degree, into China and Egypt, where it has been hoarded and buried beyond the reach of any practical usefulness.

Gold Reserves of U.S. and European Central Banks for Two Years

Country	June, 1925	June, 1926
Austria	$ 1,597,000	$ 2,622,000
Belgium ...	52,551,000	52,856,000
Bulgaria ...	7,853,000	8,190,000
Denmark ..	56,131,000	56,051,000
France	710,696,000	711,126,000
Germany ..	252,901,000	355,450,000
Gr. Britain	764,935,000	725,089,000
Hungary ...	8,865,000	21,188,000
Italy	218,403,000	219,180,000
Netherlands	183,040,000	171,457,000
Poland	23,193,000	25,996,000
Portugal ..	9,268,000	10,438,000
Roumania .	26,020,000	49,022,000
Sweden	62,915,000	61,223,000
Switzerland	96,174,000	80,941,000
U. S.	3,691,200,000	3,713,832,000
Total	$6,165,772,000	$6,264,661,000

These represent the major channels of consumption of the world's gold supply. By subtracting the amount used in industrial arts and for hoarding from the total output, the amount available for money can be ascertained. Since the world's output is now less than before the war, the monetary stock of gold has similarly declined as will be seen by the table on gold consumption.

In the past three years the principal gold fields of the world, with the exception of the Transvaal, Canada and possibly Russia, have been either stationary or declining. There is no indication of new gold discoveries of importance. It now seems evident that if world production climbs back to the pre-war volume, it will do so at a much slower rate.

Steady Growth in Demand

On the other hand, the consumption of gold in the industrial arts is likely to resume a normal progress, which would fully offset any decrease in India's habit of hoarding. And despite the economies that the central banks may achieve in the use of their reserves, some slight increase will probably take place in demand for gold. The growth of industry and trade will also require a steadily increasing amount of gold, if not actually in circulation, at least to support an expanding note issue.

New developments may arise which will completely alter the existing situation. At present, however, it would seem that the rate of increase in demand for gold will be somewhat greater than the rate of increase in supply.

TO DIAMOND DRILL TRETHEWEY-OSSIAN

Interesting Copper Showing Discovered to South of Barry-Hollinger

Mr. McMaster, consulting engineer of Trethewey-Ossian Mines brought to Toronto some fine surface samples from the company's claims south of Barry Hollinger, Boston Creek area. In spite of the heavy snow Mr. McMaster reports that he has uncovered in a banded surface formation, indication showing that the company has a mineralized zone and may look for ore over a width of 150 feet, with possibilities of extending at least 400 feet further in width. In addition to this copper showing which is thought to be an extension of the zone on the Johnson property to the west, the company has at least three gold bearing veins, assaying up to $7 on the surface, which have a strike at right angles to the copper deposit and cut through it. One of these veins is particularly strong showing a width of 15 feet for the 500-ft. that has been stripped, and pans free gold on the length exposed.

A contract has been let for diamond drilling 2,000 feet as a minimum, to Dan Chrisholm of Kirkland Lake, while work will be commenced next week. Camps capable of housing 15 men have been constructed on the property and the company is pushing the work with all possible dispatch.

The president of the company is J. L. Tretheway who states that the treasury now has sufficient funds to carry on a vigorous campaign and purchase the necessary machinery for shaft sinking.

Need Wider Uses of Asbestos as Aid to the Sluggish Market

Rather interesting views on the Canadian asbestos situation are contained in an article recently written by Norman R. Fisher, M.E., Montreal. He estimates Canada's 1926 production at 265,000 tons, gross value $8,800,000. 1925 figures were 273,522 tons, value $8,976,645. He adds it is common knowledge that actually more asbestos was consumed by manufacturers in 1926 than was used in the previous year, by drawing upon stock purchased in 1925, before completion of the merger, in anticipation of higher prices. The situation generally suggests, nevertheless, that if a further marked increase in consumption is desired, either new uses will have to be found for asbestos, or the present ones must be broadened through more intensive educational propaganda by those directly interested, whether producers or manufacturers.

Electrical Survey and Drilling for Andean

Extensive plans have been made for development of Andean Copper Mines, a new company operating in the Rouyn district and holding two groups of properties, one situated adjacent to Towagamac on the north, and the other bordering on the holdings of Coniagas occupying that section in which property is held by Tonopah, Consolidated Smelters, Noranda, and other companies.

Erection of camps, an electrical survey and diamond drilling are part of the programme mapped out. J. C. Houston, consulting engineer, is to direct operations. Financial arrangements have been completed and the campaign of work can proceed aggressively.

NEW MINE PLANT FOR ELDORADO; TO SINK TO 500-FT.

Report to Shareholders Tells of Progress of Manitoba Operation

Eldorado Mines, located near Central Manitoba Mines in Central Manitoba area, north-east of Winnipeg, in a letter to shareholders announce the purchase of a new mining plant and a decision to sink to 500 ft. at once.

The company is a little short of one year old, having been organized in February, 1926, and the report indicates a very active life to date. Camps were built and two shafts sunk besides carrying out an extensive surface exploration which opened up six veins. The report states that 85 cents out of every $1.00 raised went into actual mining operations. Managing director, G. A. Labine, says:

Development and construction for the year 1926:

Two shafts, 2200 ft. apart; No. 1 shaft, 2-compartment, was sunk to a depth of 55 ft. Average values across 40 in. from surface to 55 ft. level being $20.

No. 2 shaft was sunk to a depth of 42 ft., average values across 40 in. being $16.80.

Stripping and shooting was done on surface from No. 1 shaft, S.E. to swamp, a distance of 400 ft., showing visible gold where shooting was done.

One section, 200 ft. from shaft, S.E. assayed from $32 to $52 across four feet.

N. W. of No. 1 shaft between No. 1 and 2 shaft, a distance of 2200 ft., shooting and stripping showed visible gold everywhere work was done.

Two new veins were found on property, showing visible gold. No great amount of work was done on them. This makes a total of six veins showing gold on property.

After outlining the details of the new camps erected, he outlines the details of the development program.

The company staked 100 acres of good timber 2½ miles from the mine; sufficient timber is being cut and hauled to mine for lumber and mining requirements.

Power has been assured by Manitoba Power Company. Power line is to be completed early in April to Central Manitoba Mines.

Eldorado Gold Mines are going to construct a line from Central Manitoba Mines' sub station, a distance of 2½ miles, heavy enough to carry 500 h.p., which will be all the power required for immediate development and operating purposes. The company are putting in a telephone line also.

Machinery and supplies will be shipped into property in time to take advantage of cheaper transportation by snow roads.

Mining machinery ordered is large enough to develop mine to 1000 ft. in depth. Mead Morrison hoist, being the duplicate of Central Manitoba Mines. Maximum capacity 4200 lbs., 400 ft. per minute; weight 11,300 lbs. Compressor, 850 cubic feet, Alley-McLellan. 100 h.p. Westinghouse motor. 3 fifty h.p. electric transformers and 1 2½ h.p. transformer.

After installation of machinery, construction of power line, head frame and buildings, company proposes to sink to a depth of 500 ft. cutting stations at 125 x 250 x 375—500 and to drift on those levels to prove the values found on surface, and also to prove tonnage of ore to decide size of mill.

QUEBEC GROUPS MERGE

Norbec Mines, on which high copper values were secured when Noranda carried out the assessment work; Rouyn Gold Pan, on which equally attractive values were secured, and the McLeod claims, all adjoining in Dufresnoy Tp., top of Dufault Lake and directly east of Waite-Montgomery, have merged. Newbec is to be the name of the new company. Capital $5,000,000.

VIPOND TO DISTRIBUTE $66,750

Vipond Consolidated directors have declared an interim 3 per cent. dividend. On 2,225,000 shares this involves the distribution of $66,750. Some disappointment is being expressed about the size of the payment, as many anticipated 5 per cent.

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Draper Dobie & Co., in a letter to clients recommending Central Manitoba Mines shares, says that, in their opinion, "it looks like another Lake Shore."

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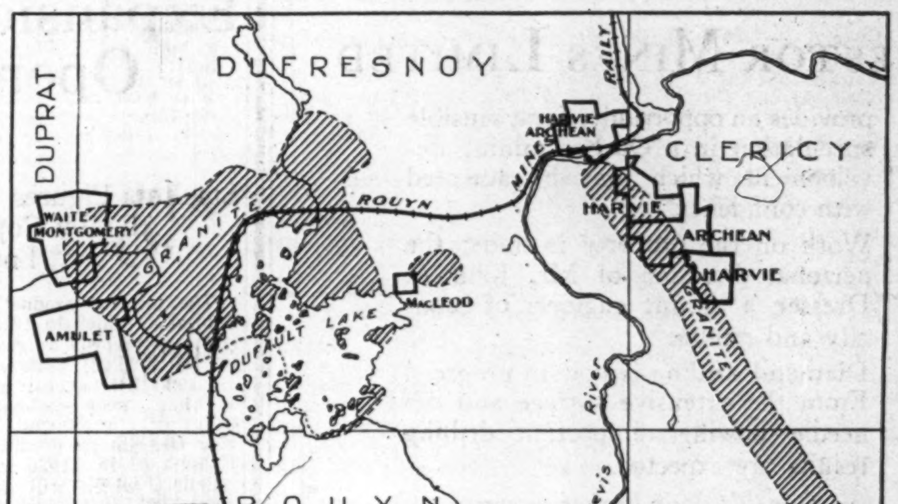

ROUYN MINING AREA, showing relation of several principal operations to the margin of Granite Areas and to Railway Transportation.

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Mining Inquiries

Clericy

I have been offered a block of Clericy Mines shares. What is it?

Clericy Mine is in Clericy Township, in the Quebec area, and is a prospect.

Macassa

What kind of an operation are they carrying on at Macassa?

Macassa is a prospect in good hands; it is being explored. It adjoins Kirkland Lake Gold Mines on the west.

Area-Duprat

Are Area and Duprat good for a hold?

Area and Duprat are two Quebec issues, and until recently both enjoyed a very active market. As both are prospects, yet to be proven, no one can judge their possibilities.

Noranda

Is Noranda a good stock? I bought it at $18.25 and $23.50.

Noranda shares look good for a long hold, but just at the present the market seems to have discounted the present development.

Teck-Hughes

I sold Teck Hughes at $6.50, taking a nice profit. Would you buy it back again at $6?

Teck-Hughes market has weakened somewhat, and it may work out profitably if you could buy it back somewhere around $6 or perhaps lower.

Idaho Copper

Would you advise buying Idaho Copper at $1?

We would advise you not to purchase any shares in Idaho Copper. This is a proposition being put over by George Graham Rice in New York City, and has been unfavorably commented on by numerous leading New York publications. The Rice proposition has all the ear-marks of being nothing but a market proposition.

Four Weak Issues

Would you advise investing $50 in each of the following, Night Hawk, West Dome, Baldwin, Buckingham and Chaput Hughes?

We would advise against the purchase of any of the five stocks listed. You would be buying yourself nothing but heartaches. You are so far removed from the market that you would be wise to buy some of the better mining stocks, which give a fair dividend return and at the same time give promise of market appreciation over a period of four or five years.

Premier

Please say what you think of Premier Mine as an investment?

Premier stock is selling at the present time around $2 per share, which gives a yield to the holder of about 16 per cent. Earnings are of a substantial nature, and this dividend can be maintained. Their reserves are sufficient for about five years' operation and the company is carrying on a very aggressive exploration of their property and the operation looks to have a very good future ahead of it.

Blue Quartz Reserve

I have been approached to buy Blue Quartz reserve at 40 cents. What chance has this mine?

We are not acquainted with any company known by the name of Blue Quartz Reserve Mines. There is one company here, the Blue Quartz Gold Mines, operating in Northern Ontario, and we thought the head of that company would know if there was any such company with a name similar to his. We asked him and he said he never heard of any company of the name of Blue Quartz Reserve. Blue Quartz shares are reported selling at 50 cents.

Crescent Silver

We took Crescent Silver shares to cover a doubtful debt. Is it of value?

There is no market at present for shares of Crescent Silver-Cobalt Mining Company. The company has a property which seems to have considerable merit, located just outside of the Cobalt silver area, but inability to secure finances to carry on operations, has resulted in the property being closed for a couple of years. As a security we should judge that the stock would be in about the same class as the debt you say it was put up to secure, that is a doubtful one, in so far as any immediate market is concerned.

Central Manitoba

What is your opinion of Central Manitoba Mines?

We regard the Central Manitoba Mines as an enterprise possessing a great deal of merit. It is in the hands of very excellent mining people, and from confidential reports which we have had on the property from engineers of standing, we believe that the proposition will have a very excellent future.

It is our understanding that the power line will reach the property by April, and Henry Hanson, who is building the mill says that their equipment and machinery is being rushed in, so that it would seem to us that in the early summer the mine ought to get production under way.

Sylvanite

How long has the mill been operating at Sylvanite? What is the recovery per ton and what are ore reserves?

The mill at Sylvanite, Kirkland Lake is not yet operating. When the writer was through the camp recently, he was told that it was expected that operations would be under way about the first of March.

This company has been carried on more or less as a closed corporation for a considerable time, very little information has been made public, so that nothing is known about the ore reserves, but we believe they are quite substantial, with the promise that as operations are carried to greater depths, they will improve materially. The operation seems to have a good chance to work out as an attractive speculation.

Noranda

Give me some particulars regarding Noranda.

Noranda Company is capitalized at 2,000,000 shares of no par value, selling at the present time around $21 and all but about 100,000 shares have been issued. The company owns a large high grade copper-gold mine in Rouyn, Quebec, which has been opened to the third level and is estimated to have around $40,000,000 in ore reserve.

At the present time the company is busy in erecting a large smelter which will take the ore from the mine, as well as ores of other mines, but it will be early in 1928 before the production stage will be reached.

The operation is in the hands of a very strong interest with capable management, and is well financed.

Noranda, Nipissing, Mining Corporation

Have Noranda, Nipissing, Mining Corp. possibilities as a hold?

Noranda, Nipissing and Mining Corporation, all have speculative possibilities as a hold. For the moment Nipissing and Noranda seem to have discounted a considerable amount of good news, but the affairs of these companies are coming along so well, and they are in such good hands, that it seems certain that material profits will be gathered by those who purchase the stock and hold. Nipissing, at the present time is paying 60c. per share per year dividend. Mining Corporation activities cover a wide field, and this stock also has great possibilities. The company is paying 25c. per share per year at the present time.

Several Old Issues

I have certificates for Rand Gold Mining Co., Thunder Mt., Inc., Dakota 1903, Ontario Consolidated Gold, Ashmola Coal Inc. B. C. 1902, Mother Lode, Cobalt. Are they any use?

Your inquiry in regard to a number of stocks to hand. While we do not make it a practice of dealing with the United States companies, we have looked through records of U. S. Mining companies and fail to find any record of the Rand Gold Mining Company of South Dakota. The same remark will apply to the Ashmola Coal Company of British Columbia, incorporated in 1902. Our records of British Columbia mines date back to 1910, and since that time there has been no record of any such company. It may be that the Department of Mines, British Columbia, could give you some indication of what happened to the company.

The Ontario Consolidated Gold Mining Co., and the Mother Lode Mining Co., have not appeared in the reports of the Ontario Department of Mines for the last 15 or 16 years. The only record that we are able to find is the date of their incorporation, so the assumption is that they have gone out of business.

Holds Four Stocks

I have Barry Hollinger, Vipond, Hunton, Laval. I am disappointed in Vipond. What do you think of the four?

There is a certain amount of merit to the four stocks which you are holding, namely Barry-Hollinger, Vipond, Kirkland-Hunton and Laval-Quebec. Our issue of Feb. 4 has latest facts on Barry.

In regard to Vipond, I think that the time is at hand when the directors will take some dividend action, though the market for the shares is not reflecting it. There has been a good deal of disappointment in regard to the showing of Vipond.

Kirkland-Hunton is a little more speculative than either of the two stocks already dealt with. They are trying to make a mine and meeting with a certain measure of success, but the operations are still in the prospect stage.

Laval-Quebec is a prospect with very large holdings in the Quebec gold-copper area, and at the present time they are conducting an electrical survey and diamond drilling one of their large groups in close proximity to the Noranda holdings. It has speculative possibilities.

Expansion of Existing Operations Provided B.C. Mine Increase

Smelters Figures Largely in Output of Coast Province — Allenby Copper Operation Makes Success of Low Grade Ore Treatment

The mineral production of British Columbia, which in 1925 exceeded all previous records by reaching a value of $61,492,242; bettered this figure in 1926 by several million dollars. It has been estimated by J. D. Galoway, provincial mineralogist, that the mineral production of British Columbia in 1926 reached $67,718,000, which will be an increase over 1925 of 11 per cent. This increase is due according to Dr. V. Dolmage of the Geological Survey of Canada, more to acceleration by the larger companies than to the advent of new producers. The Consolidated Mining and Smelting Company increased the capacity of their Sullivan mill from 3,000 to 4,000 tons a day and completed a new mill at Moyie to treat the old dumps of the St. Eugene mine. The Britannia Mining and Smelting Company increased the capacity of their mill from 3,000 to 3,300 tons a day. The Granby Consolidated Mining, Smelting and Power Company has during the first nine months of the year increased their monthly production of copper from 3,130,296 lbs. to 3,394,013 lbs. and lowered the cost from 9.240 to 7.896 cents a pound. Early in the year the capacity of the Premier Mill was doubled to 400 tons a day. Almost all of the smaller producers have slightly increased their production for the year. The coal production will probably show a small decrease this year, due to fuel-oil competition and an unusually small demand for domestic purposes.

Allenby Has Success

One of the most outstanding developments of the year is the success attained by the Allenby Copper Company in operating the large low-grade copper deposits of Copper Mountain, near Princeton. These deposits contain several million tons of developed ore consisting of nearly equal proportions of bornite and chalcopyrite rather finely disseminated in a highly aluminous and somewhat refractory gangue. The mill is now treating 2,000 tons of this ore daily and producing a concentrate carrying 30 per cent. copper which is smelted by the Consolidated Mining and Smelting Company at Trail, B.C. The operations of the Allenby Copper Company yielded a profit of $86,633 during the second quarter and a profit of $116,335 during the third quarter of 1926. In view of the many failures to operate this property, the present success is gratifying to all concerned and a tribute to the management of the company.

Smelter's Expansion

Other developments in milling and metallurgy are worthy of mention. The Consolidated Mining and Smelting Company have enlarged the capacity of their lead smelter from 350 to 400 tons a day and their zinc refinery from 200 to 280 tons a day. The same company expects soon to commence the erection of a refinery to treat the cadmium which is recovered as a by-product from the Sullivan ores. They will also in the near future double the daily capacity of their custom concentrator to 600 tons. A mill of 100 tons daily capacity will soon be completed at the Dunwell mine in the Stewart district. An old mill is being reconditioned to treat the lead zinc ores of the Lucky Jim mine of the Slocan district.

DISCOVER NEW VEIN

It is reported from Ft. William that Foley Mine, Mines Centre, near the head of the lakes, has encountered a new vein, 3¼ ft. wide, in a cross-cut on the 850-ft. level. Free gold is said to be present in quantities.

American Boy Stock Purchased by Easterner

A block of stock in American Boy Mine, near Hazelton, B.C., has been bought by William McAdam, Standard Oil, Toronto, says Western Canada Mining News. The principal Vancouver stock holder is Fergus R. Macdonald. Mr. McAdam will look after the marketing of the stock in the East.

The American Boy has been developed to a considerable extent, and it is planned to start further work immediately. Much shipping ore will be taken down during the course of development, so that progress can be made from the start.

Victory Silver Opened Up 5,000 Oz. Silver

Victory Silver has opened a 9-inch vein, which R. Sandoe, manager, says will run 5,000 ozs in silver. The manager expresses considerable optimism on the outlook for the property and says there is no doubt but what they are opening up what is going to be a profitable piece of ground when they start stoping. He expresses the opinion that the high-grade vein is paralleling a couple of other veins. Another good-looking east and west vein has also been

HEAVY MINERAL SHIPPER

New Westminster, B. C., has developed as a shipper of minerals, exporting last year 670,000 slabs of lead and spelter (as compared with 300,000 the year before) and 10,800 tons of concentrates. Bar metal shipments are increasing markedly.

GULL-KIRKLAND FINANCED

Gull-Kirkland mines, which is diamond drilling on Gull Lake, east of the producing section of Kirkland Lake, is reported to have concluded a deal for finances in New York.

GATEWAY MAY RESUME

Kirkland Gateway, situated on the T. & N. O. Ry., just south of Swastika station, may resume operations. It is reported that satisfactory financial arrangements are about completed.

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